Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Ameritech Operating Companies Tariff	)	
FCC No. 2	)	Transmittal No. 1312
Southwestern Bell Tariff FCC. No. 73	)	Transmittal No. 2906
Pacific Bell Tariff FCC. No. 1	)	Transmittal No. 77
Nevada Bell Tariff FCC. No. 1	)	Transmittal No. 20
SNET Tariff FCC. No.39	)	Transmittal No. 772

SBC OPPOSITION TO PETITION TO REJECT OR, IN THE ALTERNATIVE, SUSPEND AND INVESTIGATE

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August 15, 2002

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SBC Communications Inc., on behalf of the Ameritech Operating Companies, Southwestern Bell Telephone Company, Pacific Bell Telephone, Nevada Bell Telephone Company and Southern New England Telephone Company (collectively "SBC"), hereby submits its reply to the Petitions to Reject or, in the Alternative, Suspend and Investigate the above-captioned transmittals. As SBC demonstrates below, its tariff revisions are in no way unlawful and should be permitted to take effect without delay.

I. INTRODUCTION AND SUMMARY

As Chairman Powell and financial experts have correctly observed, the telecommunications industry is in a state of crisis.[1] Since the technology bubble burst almost two years ago, dozens of carriers have filed for bankruptcy, a half million people have lost their jobs, and nearly two trillion dollars in market value has been lost. This precipitous decline in market capitalization has affected every segment of the industry – in just the last year, the long

[1] Yochi J. Dreazen, *FCC's Powell Says Telecom 'Crisis' May Allow a Bell to Buy WorldCom*, Wall St. J., July 15, 2002, A1.

distance industry is down 68%, the wireless industry is down 71%, and incumbent LECs are down 40%.[2]

Nor is there yet light at the end of the tunnel. Hundreds of carriers have entered the market in the last six years – lured by financiers that literally threw money at any entity involved in information technology and by regulatory policies that beckoned even those without a solid and sustainable business plan. These and other carriers built networks with massive amounts of capacity, ostensibly to carry Internet traffic that would double in volume every 100 days. Now these carriers are faced with vast amounts of stranded capacity, declining revenues, and massive debt. Additional bankruptcies are thus a virtual certainty.

Already SBC is owed hundreds of millions of dollars by carriers that have filed for bankruptcy in the past two years. WorldCom alone owes SBC more than $300 million. It is critical that SBC be able to take reasonable measures to protect itself against further losses.

Other creditors of telecommunications carriers are free to protect themselves against such losses and are, in fact, doing so.[3] Indeed, it is no small irony that many of those who would deny SBC the modest protection it seeks by these tariff changes have secured for themselves a *higher* level of protection. AT&T's tariffs, for example, give AT&T broad discretion to require a deposit of up to three times the estimated average monthly and/or monthly recurring charges,[4] and Sprint's tariff permits it to require a deposit of up to six months of billable charges plus

[2] SBC has not been spared these hard times. Like others in the industry, its market capitalization has dropped precipitously in past 20 months – more than 50% — and its revenues and access lines have been declining. Its long-term credit has been placed under review for a possible downgrade, and it faces, in the words of Moody's Investor Services, "an unfavorable regulatory pricing environment."

[3] *See* Jeffry Bartash, *WorldCom files for Chapter 11* (July 21, 2002), www.cbx.marketwatch.com.

[4] AT&T Communications Tariff FCC No. 30, Long Distance Message Telecommunications Service (Interexchange Interstate), §§ 3.5.5(A)(1).

installation.[5] Likewise, in the WorldCom bankruptcy proceeding, AT&T has asked for a three-month deposit, while various CLECs who are members of the very trade associations that here claim that deposits are unreasonable have sought deposits of two or three months' fees. Non-carriers, as well, including fiber providers like NEON Optica (3 months), SS7 provider Illuminet (2 months), voice messaging provider, Avaya (3 months), and others are likewise seeking deposits. Thus denying SBC the right to protect itself adequately would simply place SBC at the back of the line, behind other carriers and suppliers of equipment and services. There is no justification for that. Unfortunately, SBC's existing tariffs do not give it adequate protection against credit losses. Although these tariffs permit SBC to seek deposits from customers with a history of late payment or no established credit, they offer no protection from carriers who cease paying their bills two or three months prior to declaring bankruptcy and that who previously did not have a history of late payment. This gap in coverage has burned SBC. In fact, WorldCom paid its access bills on time until just a few months prior to filing for bankruptcy. Although SBC sought a security deposit pursuant to its existing tariffs, WorldCom filed for bankruptcy protection prior to remitting the deposit and before SBC could take any action to ensure its receipt of the deposit. SBC, as noted, was thus left holding the bag for several hundred million dollars owed for services rendered. Likewise, Global Crossing, Winstar, and others were timely payers until shortly before filing for bankruptcy. Here, again, SBC's existing tariffs offered no protection, and, here again, SBC suffered significant losses. If other large customers likewise abruptly default on their bills — at least 7 of SBC's largest carrier customers have a "junk" bond credit rating — the financial impact to SBC could be devastating.

[5] Sprint Schedule No. 11, Business Communications Services (interexchange Interstate) § 2.11.1.

SBC's proposed tariff revisions have been narrowly tailored to provide SBC with a modest of amount of additional protection in those situations in which SBC is most at risk — when it is providing services to customers that have severely impaired credit and that owe SBC at least $1 million. Contrary to petitioners' claims, SBC defines impaired creditworthiness in a clear and objective manner, relying wholly on industry recognized third party sources. And unlike many petitioners, whose tariffs give them broad discretion to seek two and even three month deposits from customers they deem to be credit risks, SBC is only seeking a one month deposit (payable in cash or by letter or credit or guarantee) or prepayment from customers with impaired credit. While petitioners maintain, against all logic, that their financial health is not indicative of their ability to timely pay their bills, the marketplace, common sense, and SBC's experience have shown otherwise. The fact is customers with poor financial health pose a significant risk of nonpayment, which SBC must address.

In this tariff, SBC also clarifies its definitions of "history of late payments" and "established credit," providing greater certainty regarding existing, approved tariff terms. Additionally, SBC reduces the bill payment interval for customers with impaired credit, and notice intervals for discontinuance or refusal of service. SBC's revisions provide customers more than adequate time to make the requisite payments and engage in dispute resolution, procedures for which are unaffected by these revisions. These reduced intervals, as well as the other tariff revisions, are critical to SBC in mitigating its losses in the event a carrier fails to make payment. The Commission, therefore, should permit SBC's tariff changes to take effect.

II. SBC'S DEPOSIT AND ADVANCE PAYMENT REQUIREMENTS FOR CUSTOMERS WITH IMPAIRED CREDITWORTHINESS ARE JUST AND REASONABLE.

Petitioners in this proceeding raise five arguments: (1) additional protection from nonpayment is unnecessary; (2) the impaired creditworthiness criteria are vague and ambiguous; (3) the interest paid on deposits is insufficient; (4) the $1 million dollar threshold is discriminatory; and (5) the bankruptcy trigger contravenes bankruptcy law. Below, SBC refutes these arguments, demonstrating that its revisions are reasonable and should be permitted to take effect.

A. *Additional protection is necessary.*

ALTS and ASCENT argue that SBC has not justified its need for additional protection.[6] According to these petitioners, SBC's existing tariff provisions are sufficient to protect SBC from the alleged instabilities in the industry, rendering the proposed tariff changes unnecessary. Further, ASCENT argues that SBC's ARMIS data proves that SBC's uncollectibles are negligible, and have little overall impact to SBC's financial position.[7] Petitioners are wrong.

The telecommunications industry is in a state of crisis. Over 50 telecommunications carriers have filed for bankruptcy in the last two years and financial analysts predict more to come. During this two-year period, SBC has been left holding the bag for hundreds of millions of dollars of unpaid debt. SBC has a right and an obligation to its shareholders to take reasonable measures to protect itself against further losses of this nature.

Those who claim that SBC's existing tariffs already provide adequate protection blind themselves to reality. Those tariffs offered no protection when WorldCom filed for bankruptcy; they offered no protection when Global Crossing filed for bankruptcy; and they offered no protection when Winstar filed for bankruptcy. The reason is simple: they only permit SBC to

[6] ALTS Petition at 18; ASCENT Petition at 7.

[7] ASCENT Petition at 18.

demand deposits of companies that have a proven history of late payments or no established credit. Although these companies disputed lots of bills, they did not have a history of late payment until shortly before they filed for bankruptcy, at which point it was too late for SBC to protect itself. As a result, SBC is exposed to hundreds of millions of dollars in unpaid credit. SBC has every right to address this loophole in its existing tariffs. It must be able to protect itself, not only when customers have ceased paying their bills on time – at which point it may be too late – but when customers have sufficiently poor credit that they pose a serious risk of a future default.

Certainly petitioners do not deny *themselves* the protection they here claim is unnecessary. AT&T's tariff, for example, permits AT&T to demand a deposit if, *inter alia,* the customer "has an unsatisfactory credit rating." Likewise, Sprint's tariff permits Sprint to seek a deposit from customers "whose credit has not been duly established to the sole and exclusive satisfaction of Sprint."

Other carriers are similarly protected. Likewise, Sage Telecom, a joint petitioner in this proceeding, has a tariff permitting it to obtain a two-month deposit from customers "who fail to establish creditworthiness or who present an undue risk of nonpayment."[8] Similarly Level 3's tariff allows it to obtain a deposit from existing customers "when high risk is indicated and existing security is insufficient."[9] SBC is only requesting similar protection.

Claims that these tariffs are unnecessary are further belied by the actions of petitioners in the WorldCom bankruptcy proceeding. Concerned about WorldCom's ability to pay its debts on

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[8] Sage Telecom, Inc. F.C.C. Tariff No.1, §. 5.6.

[9] Level 3 LLC, FCC Tariff No. 4, §4.4.3.

a going-forward basis, several carriers, including AT&T,[10] are seeking a *three*-month deposit from WorldCom. Others – including at least 80 other communications firms, are seeking a two-month deposit as an assurance of payment.

As seen in this light, the real issue with respect to SBC's tariff revisions is not whether those revisions are *necessary*, but rather whether they are *sufficient*. Unlike many of the petitioners, SBC seeks only one-month deposits from customers who are not late payers but nevertheless pose a serious credit risk. It is doing so, not because it is comfortable that a one-month deposit will be sufficient. In fact, it is highly unlikely that a one-month deposit will cover all losses due to impending bankruptcies. Rather, it is doing so because it concluded that a one-month deposit would strike a reasonable balance between its own need to increase its protection against unpaid debt with cash flow concerns of financially troubled carriers. In other words, unlike the petitioners, who fail to see beyond their own parochial interests (or, in the case of AT&T, seek to gain an edge in the marketplace by disadvantaging their competitors in the regulatory arena), SBC has attempted to do the right thing. SBC certainly is taking a risk here, as a one-month deposit is only sufficient to mitigate its risk for a very short period of time, 30 days. This makes SBC's other proposed revisions, namely reduced bill payment and discontinuance notice intervals for these customers, that much more critical.

ASCENT claims that SBC's uncollectibles have little, if any impact on SBC's financial position.[11] Even if true, which it is not, that is entirely beside the point. SBC already is owed hundreds of millions of dollars by carriers that have filed for bankruptcy protection. Its rate of uncollectibles has soared — by 55% from 2000 to 2001 and it doubled again during the first six

[10] In addition to AT&T, Z-Tel, Optica, Centennial Communications and Avaya are also seeking a three-month security deposit from WorldCom.

[11] ASCENT Petition at 19-20.

months of 2002. Additional bankruptcies are a virtual certainty. SBC has a right to protect itself against unpaid debt irrespective of the impact of that debt on its own financial position. In any event, as much as SBC would like it if a half a billion-dollar loss had no impact on its financial status, that is not the case.

B. SBC's credit worthiness triggers are clear, objective and reasonable.

AT&T argues that the triggers for determining impaired credit worthiness are vague and excessively broad.[12] To the contrary, SBC's triggers for determining impaired credit are concrete and based on clearly defined and objective criteria, which rely on third party sources. In this respect, SBC's tariff stands in stark contrast to AT&T's own tariff, which permits AT&T to seek deposits from customers with "an unsatisfactory credit rating," whatever that means. SBC's tariff also stands in stark contrast to that of Sprint (which permits Sprint to require a deposit of any customer "whose credit has not been duly established to the sole and exclusive satisfaction of Sprint); US LEC (which permits US LEC to require a deposit "to safeguard its interests); and Sage Telecom and Level 3's, both of which have much more subjective impaired credit deposit triggers even than BellSouth, let alone SBC.

ALTS, ASCENT, Nextel, Sprint and WorldCom argue that there is no correlation between an entity's credit rating and its ability to pay its bills.[13] The proposition is, on its face, absurd. The whole point of a credit rating is to rate a company's ability to pay its debts. That's why members of the financial community have repeatedly opined that companies with poor credit ratings are more likely to default on payments. For example, according to Standard &

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[12] AT&T Petition at 12.

[13] ALTS Petition at 8; ASCENT Petition at 4; Nextel Petition at 5; Sprint Petition at 7; WorldCom Petition at 8-9.

Poor, "speculative-grade issuers with negative outlooks are, on average, nearly five times more likely to default than those with positive outlooks."[14] Likewise, Moody has concluded, "speculative grade ratings [have] proved to be very effective at detecting and signaling latent default risk."[15]

Not only are credit ratings a key measure of a company's ability to pay its bills, they are an *objective* measure, which makes them all the more appropriate as a trigger for a deposit requirement. As noted, SBC strove in this tariff to establish objective standards for when deposits would be required. It can think of no better standards than the triggers set forth in its tariffs, and petitioners have not offered any either. Their solution is for SBC to continue absorbing an ever-growing burden of uncollectibles. SBC is not their own private piggy-bank, however. Like any other company, it has a right — and an obligation to its shareholders — to take reasonable steps to protect itself against uncollectibles, and that is what it has done.

C. SBC's Interest Rate is Sufficient

SBC's revisions reduce the interest rate on deposits to the rate of the most current one-year Treasury Bill. Further, SBC will pay interest only on deposits (including two-month deposits required under Section 2.4.1(B)), not prepayments. ALTS argues that SBC should pay 18 percent interest on any deposits or prepayments, which would equal the interest assessed by SBC on late payments, or, at a minimum, 12 percent, which is available under other ILEC

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[14] http://www.standardandpoors.com/ResourceCenter/RatingsCriteria/CorporateFinance/articles/102501_outlookdefault.html

[15] "Default and Recovery Rates of Corporate Bond Issuers, Moody's Investors Service, Global Credit Research (Feb 2002).

tariffs.[16] Further, ALTS argues that SBC's refusal to pay interest on prepayments is unreasonable.[17] The Commission should reject these arguments.

First, SBC's proposed interest rate is eminently reasonable. Deposits are, in effect, demand notes held by SBC. As set forth in SBC's tariff, when a customer terminates service, develops a prompt payment history or establishes or restores its credit, SBC must immediately refund any deposit the customer has provided. As a result, SBC can only invest deposits in short-term investments. The one-year Treasury Bill rate reflects the market rate for short-term (one year) investments and thus reflects the return that SBC itself can obtain on deposits. The rate that SBC can earn on a deposit is the rate it ought to pay. In contrast, a 12 percent or 18 percent rate sought by ALTS far exceeds any rate of return available to SBC (or any other entity for that matter) on a conservative short-term investment, and thus is wholly inappropriate. In fact, that kind of interest rate would, perversely, reward late payers and others who are required to make deposits, while punishing those who are simply trying to protect themselves against unpaid debt. That would be an odd public policy indeed.

There is no basis, as ALTS claims, for equating interest on security deposits with late payment charges. Security deposits and late payment charges are different types of assessments that serve different purposes. The purpose of a late payment charge is, not just to compensate the assessor for the time value of money owed, but to penalize customers who fail to pay their bills on time and to incent them to do so. If a late payment charge simply reflected prevailing market interest rates, customers would have no incentive to pay on time because the money they would owe in late payment fees would equal the interest they would have earned while they

[16] ALTS Petition at 2.

[17] *Id.*

withheld payment. Security deposits, on the other hand, operate solely to assure payment from carriers who pose a risk of non-payment. They are not punitive in nature, nor do they serve any deterrent function. The market rate on a short-term investment is, therefore, the appropriate interest rate for a security deposit.

Second, while a deposit and prepayment both provide some measure of protection against nonpayment, they are distinct. Unlike a deposit, a prepayment constitutes a payment for future services rendered, and thus is analogous to other bill payments. Access customers do not pay interest on any advance payments and there is no justification for treating prepayments differently.

D. The One Million Dollar Threshold is Reasonable.

ALTS, ASCENT, and WorldCom argue that the $1 million dollar threshold is unjust and unreasonably discriminatory. WorldCom argues that a $1 million dollar threshold limits the new deposit provisions to CLECs and IXCs,[18] while ASCENT argues it discriminates among competitive carriers.[19] ALTS, in contrast, argues that the $1 million threshold is too low and not reflective of a heightened risk of nonpayment.[20] None of these arguments has any merit at all.

First, WorldCom's claim that the $1 million threshold effectively limits the tariff to CLECs and IXCs is both irrelevant and wrong. It is irrelevant because all kinds of tariff provisions *in effect* apply only to certain customers. Volume discounts, for example, are, as practical matter, only available to certain customers. But that, in itself, does not make them unreasonably discriminatory. In any event, the $1 million cut-off does not, even as a practical

[18] WorldCom Petition at 13.

[19] ASCENT Petition at 8.

[20] ALTS Petition at 10-11.

matter, limit this tariff to CLECs and IXCs. A number of SBC's non-carrier customers several purchase $1 million or more worth of access services per month. [21]

For similar reasons, Ascent's complaint that the tariff changes effectively apply to some customers, but not others, is beside the point. The issue is, not whether all customers are equally subject to a deposit requirement. The issue is whether any limitations on that requirement are reasonable. Ironically, SBC limited these tariff changes to customers owing $1 million or more as part of its effort to balance its own interests with the concerns of its customers. Thus the $1 million limit reflects SBC's effort to tailor these tariff changes narrowly so that they address only those situations in which SBC faces a potentially significant revenue loss. In this respect, the limit is, not only reasonable, but, one would think, very much in the public interest. asonable

Second, ALTS' suggestion that $1 million dollars is not an adequate threshold reflects nothing more than ALTS' unfortunate tendency to view all incumbent LECs as the CLEC's financiers. SBC certainly would like to be in a position to say that a $1 million dollar per month nonpayment from its access customers is immaterial, but it is not, particularly in these tough times.

E. The bankruptcy trigger is consistent with bankruptcy laws.

ALTS and ASCENT argue that SBC's bankruptcy trigger conflicts with the bankruptcy code.[22] Under SBC's proposed revisions, a customer would have impaired creditworthiness if the customer or its parent commences voluntary receivership or bankruptcy proceedings, rendering the customer subject to a one-month deposit or prepayment. This trigger is fully consistent with the bankruptcy code. Under Section 366(b) of the Bankruptcy Code, a utility is

[21] Several commenters allege that SBC's use of the phrase "total charges" is vague because it could include non-access services. This claim is baseless. The tariff covers only access services and accordingly could not be read to include charges for non-access services.

permitted to "alter, refuse, or discontinue service" within 20 days after the bankruptcy order of relief is issued, if the debtor or trustee does not provide "adequate assurance of payment, in the form of a deposit or other security, for service after such date."[23] Contrary to ALTS and ASCENT's claim, SBC's bankruptcy trigger does not conflict with this statutory provision; rather it sets forth the amount of "adequate assurance" needed by SBC to continue provisioning service to the debtor, which is fully in line with Section 366(b).

The bankruptcy courts have held that utilities have the right to initially set the amount for adequate assurance of payment, and further that utilities have the right to the deposit demanded "unless the debtor can show cause to reduce it."[24] While the bankruptcy court certainly is the final arbiter of what constitutes "adequate assurance of payment," nothing precludes utilities, such as SBC, from establishing tariff terms allowing for the collection of deposits from customers that have filed for bankruptcy. And the Commission has so held as evidenced by the fact that numerous carriers in the industry have tariffs in effect which permit them to seek a deposit should a customer file for bankruptcy. Petitioners claims are meritless and should be rejected.

III SBC'S CLARIFICATIONS REGARDING THE DEFINITION OF "HISTORY OF LATE PAYMENT" AND "ESTABLISHED CREDIT" ARE REASONABLE.

ALTS argues that SBC's definition of "history of late payments" is vague and ambiguous because the definition does not address disputed amounts.[25] SBC's clarification in no way alters its treatment of disputed amounts for purposes of determining when a customer has a history of

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[22] ALTS Petition at 10; ASCENT Petition at 6.

[23] 11 U.S.C. sec. 366(b).

[24] *In re Best Products*, 203 B.R. 51, 54 (E.D. Va. 1996) (citing cases).

[25] ALTS Petition at 15.

late payments. Under its existing tariff, customers that dispute amounts on their bills and pay only the undisputed amounts are not considered late payers. Had SBC intended to alter this practice, SBC would have done so expressly in its definition of "history of late payments."

Nextel argues that SBC's definition of "established credit" is vague because it is not clear whether a "demonstrated established credit by one of SWBT's customers, is sufficient to trump the other 'credit worthiness' criteria."[26] This argument is meritless. SBC's criteria for "established credit" has no relation to criteria for impaired creditworthiness. Customers without established credit would be subject to the two-month deposit and customers with impaired creditworthiness would be subject to a one-month deposit or prepayment. To the extent a customer had impaired credit and no established credit, they would be subject to the two-month credit deposit, as expressly set forth in Section 2.4.1(A) of SBC's tariffs.

IV. SBC'S NOTICE PROVISIONS ARE JUST AND REASONABLE

Petitioners raise several arguments against SBC's reduced notice intervals for bill payment and discontinuance or refusal of service: They claim, in particular, that (1) 21 days is insufficient time to review a bill and dispute billing inaccuracies; and (2) the 15-day notice interval for discontinuance/refusal of service is too short because it applies, they claim, to customers who do not pose a risk of non-payment. SBC address each in turn below.

A. The reduced bill Payment Interval for credit-impaired customers is justified.

SBC's revisions shorten the bill payment period for customers with impaired creditworthiness from 30 days to 21 days. ASCENT and Sprint argue that 21 days is an unreasonable amount of time to review a bill because there is a lag time between the date of a

[26] Nextel Petition at 7.

bill and the date in which it is sent to the customer and because bills may be inaccurate.[27] In shortening the bill payment due date for customers with impaired credit, however, SBC eliminated the effect of any lag time between the bill date and the date in which the bill is sent to the customer. Thus, as set forth in the tariff, the 21-day cycle does not begin until the bill is sent or transmitted electronically to the customer.

ASCENT and Sprint further argue that 21 days are not adequate because SBC's bills are inaccurate. In support of its claims, ASCENT cites a billing dispute between one of the joint petitioners, Pac West, and SBC affiliate Pacific Bell. Pac West has claimed that Pacific Bell is not billing the correct tariffed rate for 1.544Mbps/DS-1 circuits, which, it alleges, terminate at "interchange [sic] carrier points of termination." According to Pac-West, Pacific Bell is billing the higher channel termination rate for circuits terminating at end user locations. It claims, further, that it has received a disconnect notice on account of its refusal to pay these disputed amounts.

These claims are flatly inaccurate. As an initial matter, and contrary to Pac-West's claim, this dispute in no way relates to the adequacy of SBC's billing systems, but rather the proper application of Pacific Bell's California tariff. The billing system is billing the correct tariffed rate for channel terminations at an end user location. More fundamentally, and as Pacific Bell has previously explained to Pac-West, the disconnection notice cited in the petition did not demand payment for the amounts disputed and unpaid on the channel termination issue, but rather excluded these billings. A disconnect notice was sent to Pac-West because of its failure to pay other, undisputed amounts on its bill. Thus this dispute provides no basis for rejecting a 21-day bill payment period for carriers with impaired credit.

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[27] ASCENT Petition at 13; Sprint Petition at 9.

It is important to note, in this regard, that SBC does not treat disputed amounts that are unpaid as "late" unless and until SBC has considered and rejected the dispute pursuant to standard dispute resolution procedures – which this tariff does not change. That is the case despite the fact that a number of carriers have abused the lattitude afforded them by raising frivolous disputes to bills to delay payment of the services rendered.

B. The reduced notice intervals for discontinuance of service are warranted.

SBC's revised tariffs also reduce the interval for notifying customers that SBC may disconnect service or refuse new orders for service from 30 days to 15 days. For customers with impaired credit worthiness, the interval is reduced from 30 days to 10 days. AT&T and WorldCom argue that the revised notice intervals are unreasonable because they apply to customers posing no credit risk and reduce the time needed by customers and SBC to resolve billing and payment errors.[28] ALTS and ASCENT argue that the reduced notice intervals would prevent carriers from complying with state and federal notice requirements for disconnection of service to end users.[29] WorldCom argues that to the extent the Commission permits a shorter notice interval, it should only permit such interval if the customer in question receives its bill within three days of the billing date. The Commission imposed such a requirement on BellSouth in 1987 when it attempted to shorten its notice interval period to 15 days.

The Commission should reject each of these arguments. First, in opposing this change in notice intervals, AT&T and WorldCom, once again, seek to hold SBC to a different standard than applies to themselves. AT&T's tariff permits it *immediately* to suspend or discontinue service upon written notice to the customer if the customer fails to make advance payments.

[28] AT&T Petition at 16; WorldCom Petition at 3.

[29] ALTS Petition at 14, 17; ASCENT Petition at 18.

WorldCom's tariff permits it to discontinue or suspend service on 24 hours written notice. Other carriers likewise have shorter notice periods than SBC. Mpower, to name one example, can discontinue service after 5 days written notice to the customer.

AT&T nevertheless claims that a longer notice period is necessary so parties have adequate time to resolve billing and payment errors. As noted, though, this issue is a red herring because SBC does not disconnect customers or cease accepting new orders for non-payment of disputed amounts unless and until those disputes are addressed through standard dispute resolution procedures. Thus reducing the notice period for disconnects or a refusal to accept new orders will have not impact whatsoever customers' right or ability to dispute billing errors.

In fact, SBC's practice and preference is to resolve billing disputes and work out payment arrangements with its customers, whenever possible. Thus, as a practical matter, procedures for discontinuation or refusal of service are initiated only after the failure of negotiations with the customer to resolve outstanding billing and other issues. Shorter notice periods, however, are necessary so that SBC can act quickly to mitigate losses, particularly where SBC knows it will not receive payment for services rendered.

Second, the revised notice period would, in no way, prevent carriers from complying with their own notice requirements under section 214 of the Communications Act. All of SBC's customers – even those with impaired credit -- are given at least 21 days to pay their bill from the date the bill is sent. While SBC generally does not know whether a carrier will pay its bill on time until after the due date has come and gone, SBC's customers ought to have a fairly good sense of their future bills and whether they will be paying them, even before the due date for those bills. For ALTS to pretend that a carrier will be unaware of the possibility of a disconnect notice until it receives such a notice is wholly disingenuous. Moreover, the Commission has previously approved a fifteen-day notice periods for disconnection/refusal of service, albeit with the three-day billing condition, noted above. If such a notice period was inherently in conflict with section 214, it would not have done so.

Worldcom asks that the Commission require SBC to submit clarifying revisions, if the shortened notice intervals are permitted, stating that SBC will discontinue service 10 or 15 days after nonpayment only if the customer receives its bill within three days after the billing date. This condition is unwarranted here, as customers will continue to have adequate time to review their bills and act on them accordingly. Most customers will continue to have 30 days to review their bill prior to the bill payment due date, which the Commission has already found to be reasonable. In total, these customers will have a minimum of 45 days from the bill date to disconnection. And as a practical matter, customers will have much more time, as SBC's practice is to negotiate such issues with its customers. Customers with impaired credit have a minimum of 31 days to review their bills and act upon them prior to disconnection, and, again, SBC's practice and preference will be to negotiate, not disconnect. Moreover, this 31 days does not begin until the bill is sent to the customer. These notice periods are thus more than reasonable.

V. THERE IS NO COMMISSION PRESCRIPTION AGAINST REVISING TARIFF PROVISIONS REGARDING SECURITY DEPOSITS

AT&T, Sprint and WorldCom argue that SBC's new deposit triggers violate a 1984 Commission prescription prohibiting such changes. [31] According to these petitioners, the Commission only permits carriers to seek a security deposit from a customer that has a "proven history of late payments to the Telephone Company or does not have established credit..."

[31] AT&T Petition at 5; Sprint Petition at 5; and WorldCom Petition at 6.

Petitioners are wrong. In fact, they have taken the Commission's language set forth in its 1984 Phase I Order[32] completely out of context.

In its 1984 Phase I Order, the Commission reviewed the terms of the original access tariffs of the BOCs and other tariffs. The carriers proposed deposit provisions permitting them to request a security deposit from IXCs that had a proven history of late payments to the Telephone Company or no established credit with the Telephone Company.[33] The Commission was concerned with the latter criteria because it reasoned that all IXCs, save ATTCom, would be captured by the deposit requirement.[34] The Commission recognized the importance of assuring reasonable credit ratings, but found it unreasonable to "require that an IC establish credit with each telephone company."[35] Accordingly, the Commission required the carriers to modify the "established credit with the Telephone Company" criteria to specify that the deposit would be required only where the customer did not have established credit generally.[36] Specifically, the Commission stated:

> We are concerned about the potential anticompetitive effects of requiring a deposit from ICs which do not have "established credit with the Telephone Company." It appears that at the outset only ATTCOM will escape this deposit requirement since only it may have service history in all markets. While we recognize the need to asure reasonable customer credit ratings, we believe that is is unreasonable onerous to require that an IC establish credit with each telephone company. We believe that an adequate bases for extending credit in most instances will arise from the ICs' dealings with other telephone companies or entities. Thus, we conclude that Section 2.4.1(A) must be amended to allow the telco to require deposits only from an IC which has a proven history of late payments to the Telephone Company or does not have established credit except for..."[37]

[32] *Investigation of Access and Divestiture-Related Tariffs*, Memorandum Opinion and Order, 97 F.C.C.2d 1082 (1984) (1984 Phase I Order), Appendix D, at discussion of Section 2.4.1(A).

[33] *Id.*

[34] *Id.*

[35] Id.

[36] *Id.*

[37] *Id.*

As this foregoing paragraph clearly shows, the Commission did not prescribe all possible scenarios for triggering a security deposit. Rather, the Commission remedied a specific defect in the tariff.

Even if the foregoing language constituted a prescription, it is well-settled that the Commission has no obligation to enforce a stale prescription.[38] An 18-year old prescription certainly would be considered stale, particularly given the fact that it was decided prior to the Telecommunications Act of 1996, which substantially revised the operative rules for the telecommunications industry. Further, given the fact that the Commission, since the 1984 Order, has permitted additional deposit triggers to take effect, the Commission itself would view any such prescription outdated.[39]

In any event, such a prescription would not preclude subsequent changes to deposit requirements. The Commission has the authority to modify a prescription concerning tariff terms and can do so in the context of a tariff investigation.

VI. SBC'S TARIFF PROVISIONS DO NOT TRIGGER THE SUBSTANTIAL CAUSE TEST, BUT SHOULD THE COMMISSION FIND OTHERWISE, SBC HAS MADE THE REQUISITE SHOWING.

Several petitioners, ALTS, ASCENT, Sprint and WorldCom, argue that SBC's new tariff provisions modify their long-term service tariffs and that such changes may only be made if SBC shows substantial cause.[40] As an attachment to this filing, SBC has provided the pertinent pages

[38] *See, e.g.*, In the Matter of Interconnection Arrangements Between and Among the Domestic and International Record Carriers, *Memorandum Opinion, Order and Request for Further Comments*, 93 F.C.C.2d 845, 852, para. 21 (1983).

[39] *See* Reply Comments of Verizon To Petitions To Reject or Suspend and Investigate, Transmittal No.226, at 10 (filed August 7, 2002).

[40] ALTS Petition at; ASCENT Petition at; Sprint Petition at ?; WorldCom Petition at ?

of its access tariffs, which are representative of all the term plans offered in its service territory.[41] A simple review of these plans will show that these plans detail the rates, volumes of service, and length of the term plans. They do not reference, or alternatively freeze, any general tariff provisions. SBC's tariff revisions only affect the general tariff sections and as shown below do not modify the terms or conditions of any SBC term plan.

In *RCA American Communications*, the Commission determined that where a carrier proposes to change material terms of a long-term tariff, the carrier must show substantial cause.[42] Under the substantial cause test, the Commission measures the reasonableness of a carrier's proposed changes by considering the carrier's explanation of the factors necessitating the desired changes at that particular time, and the position of the relying party.[43]

SBC's tariff provisions do not invoke the substantial cause test for several reasons. First, SBC's tariff revisions could only modify the terms and conditions of any term plan, if the deposit provisions and other pertinent general regulations are set forth, or expressly incorporated, in the term plan. Neither is the case here. As the attached term plans show, the overwhelming majority of SBC's term plans set forth only the pricing plans offered and the terms for service. There is no mention of security deposits or billing provisions, or any reference to the general tariff provisions. Customers under these plans have committed to a certain term period in exchange for a reduced rate and nothing more. Had SBC intended to include the general tariff regulations in its term plans, and restrict its ability to make changes thereto, SBC would have done so

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[41] SBC neglected to include the following term plans in its D&J: [????]

[42] In the Matter of RCA Communications, Inc., Revisions to Tariff FCC Nos. 1 and 2, CC Docket No. 80-766, Transmittal Nos. 191 and 273, Memorandum Opinion and Order, 94 F.C.C.2d 1338 (1983).

[43] *Id.*

expressly. The absence of such language is clear evidence that the general tariff terms have not been "locked" into the term plans. To conclude otherwise would rewrite these term plans.

Several of SBC's term plans, namely Ameritech and Pacific Bell's Federal Government Specialized Service or Arrangements, do include language stating that the general tariff provisions are applicable to the term plans.[44] However, these tariff provisions in no way "freeze" the general regulations such that SBC is required to make a substantial cause showing before applying any new or revised general regulations to the term plans.

Indeed, SBC's term plans *could not* freeze in place all of the general terms and conditions that apply to SBC's tariffs. If they did, those term plans would not be merely terms plans, but, rather, *contracts* that purported to define and freeze in time all the rights and obligations of the parties. Prior to obtaining pricing flexibility relief from the Commission, SBC could not enter contract tariff offerings.

The Commission generally has not considered revisions to general terms and conditions to be modifications of long-term service plans. In fact, over the years, the Commission has declared lawful, or permitted to take effect, changes to the general regulations of SBC and other ILECs' tariffs without applying the substantial cause test, even though those changes applied to term plans in the tariff. For example, the Commission has permitted SBC and other ILECs to modify their tariffs to establish and later modify charges for universal service, and to apply such charges to term plan customers, without applying substantial cause test.[45] Further, the Commission has approved or allowed the interest charged for late payments to take effect

[44] *See, eg.*, Pacific Bell, F.C.C. No. 1, Section 7. Specifically, these term plans include the following language: "In addition to the specific terms and conditions of this Plan described below[following], all other General Regulation for this Plan are contained in Sections 1, 2 and 5, preceding."

[45] *See, e.g.*, SWBT Transmittal No. 2884, filed March 18, 2002, effective April 2, 2002.Cites

without a substantial cause showing.[46] SBC's tariff revisions here are no different, and do not warrant application of the substantial cause test.

Even if the Commission concluded incorrectly that SBC's term plans do incorporate and freeze the general tariff provisions, a change in the terms and conditions under which a deposit could be required would not be material. Moreover, numerous courts in various jurisdictions have confirmed that revisions to credit terms and finance charges do not constitute "material" changes to a contract.[47]

Finally, even if the Commission concludes that a substantial cause showing is required, SBC has made such a showing. As discussed above, in determining whether the substantial cause test is satisfied, the Commission must balance the expectations of customers against the business needs of the carrier. SBC's D&J clearly establishes the business need for its tariff revisions. And, as the attached term plans show, SBC has offered no guarantee that the general terms and conditions of its tariffs would not change. Customers therefore have no reasonable expectation that SBC's general regulations relating to deposits and other changes will not change. Indeed, SBC's term plan customers have not challenged other changes to SBC's general terms and conditions, which have been applied to all of SBC's term plans. This confirms that SBC's existing term plan customers have no expectation that those provisions would remain static.

In any event, even if SBC's term plan customers had such an expectation, it would be far outweighed by SBC's need to protect itself from losses in the event a financially impaired carrier fails to pay its bills. As SBC demonstrates herein and in its D&J, the state of the economy and

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[46] *See, e.g.*, SWBT Transmittal No. 2629, issued April 16, 1997, effective May 1, 1997.

the exponential rise in bad debt experienced by SBC renders these tariff provisions a necessity. SBC's revisions represent a reasonable, balanced approach to provide SBC adequate assurance that it will be paid for services rendered to financially troubled firms, without imposing undue burdens on those carriers. There is no basis for exempting term plan customers, some of which are SBC's largest access customers, and which therefore pose the greatest risk to SBC should they fail to pay their bills, from these provisions.

CONCLUSION

For the foregoing reasons, the Commission should reject petitioners' claims and permit its tariff revisions to take effect.

RESPECTFULLY SUBMITTED,

/S/DAVIDA GRANT
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[47] *See, e.g. Tri-Circle Inc. v. Brugger*, 829 P.2d 540, 18 U.C.C. Rep. Serv.2d (Callaghan) 3785 (Ida. App. 1992); *Rangen v. Valley Trout Farms*, 658 P.2d 955, 35 U.C.C. Rep.Serv. (Callaghan) 1129 (Id. 1983); *Tim Henningan Co., Inc. v. Nunes, Inc*, 437 A.2d 1355 (R.I. 1981).

<u>CERTIFICATE OF SERVICE</u>

I, Lacretia Hill, do hereby certify that on this 15th day of August , a copy of the foregoing "Reply to Oppositions" was served via facsimile to the parties listed on the attached sheets

Lacretia Hill

ATTACHMENTS

SBC has attached the following tariff sheets, which are representative of SBC's term plans:

SWBT:

- Optional Payment Plan (OPP), FCC No. 73, Section 7, sheets 7-58 through 65
- High Capacity Term Pricing Plan (HC-TPP), FCC No. 73, Section 7, sheets 7-65.1 through 7-65.12

AIT:

- Internet Transport Access Service (ITAS), FCC No. 2, Section 20, sheets 680 through 685

PB:

- Gigabit Ethernet Metropolitan Area Network (GigaMAN) Service, FCC No. 1, Section 7, sheets 7-82.1 through 7-82.6
- Federal Government Specialized Service or Arrangement, FCC No. 1, Section 10, sheets 10-1 through 10-35

NB:

- Gigabit Ethernet Service Term Pricing Plan (TPP), FCC No. 1, Section 7, sheets 7-86 through 7-91

SNET:

- Packet Switched Data Network Service (PSDN) Terms & Conditions, FCC No. 39, Section 19, sheets 19-1 through 19-7

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan

(A) General Description

Optional Payment Plan (OPP) provides the customer with rate stabilization and a discount of existing tariffed rates for three or five years commitments. (T)

The customer agrees to a **State** or **Company** (i.e., within areas served by the Telephone Company) minimum monthly revenue commitment as set forth in 7.2.19(C). Decreases in OPP recurring monthly tariffed rates will be passed on to existing participants; however, the minimum monthly revenue commitment will not be reduced. Should the Telephone Company increase its OPP recurring monthly tariffed rates during the OPP commitment, the customer will continue to pay the customer established OPP rates. (T)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(B) Services Available Under Optional Payment Plan

A customer may elect to participate in an OPP for the following services and rate elements as described in 7.3 (Service Descriptions, Rates and Charges): (T)

(1) Four-Wire Voice Grade Service
- Channel Termination
- Channel Mileage (Fixed and Per Mile)
- Optional Features, Basic Service Elements (BSEs) and Functions (T)

(2) MegaLink Data Service (All Speeds)
- Channel Termination
- Channel Mileage (Fixed and Per Mile)
- Optional Features, BSEs and Functions

(3) High Capacity Service (1.544 Mbps)
- Channel Termination
- Channel Mileage (Fixed and Per Mile)
- Optional Features, BSEs and Functions

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(C) Terms and Conditions

(1) Minimum Monthly Revenue Commitment (MMRC) (T)

The minimum monthly revenue commitment (MMRC) is established at a State or Company (i.e., within the areas served by the Telephone Company) level. The initial MMRC is determined by multiplying the quantity of services to be included in the OPP, as specified by the customer, at the OPP establish date by the current OPP rates.

MMRC =
NUMBER OF SERVICES X
RATES

The customer has a grace period of six months following the establishment of an OPP. This grace period is provided in order to allow the customer adequate time to finalize the MMRC for the account.

Nonrecurring charges will not be included in the MMRC. (M)

Special construction charges incurred for a service billed under an OPP will not be included in the MMRC. (M)

(a) Exceeding the MMRC

The MMRC can be exceeded by 25 percent throughout the three year or five year OPP without penalty. The MMRC will be reconciled quarterly. If the excess is greater than 25 percent, the excess above 25 percent is billed a 5 percent adjustment factor. The customer can increase the MMRC, rather than pay the 5 percent adjustment factor. (T)

Certain material appearing on this page formerly appeared on 3rd Revised Page 7-61 and 3rd Revised Page 7-64.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(C) Terms and Conditions (Cont'd)

(1) Minimum Monthly Revenue Commitment (MMRC) (Cont'd)

(b) Increasing the MMRC

The customer has the option to increase the MMRC rather than pay the adjustment factor. If the increase is received within 30 days of the time the adjustment factor was billed, the adjustment factor will not apply. To initiate an increase in MMRC, the customer must provide the amount of the increase in writing with the understanding that this increased MMRC becomes the new MMRC. (C)

The new MMRC equals the existing MMRC plus the increased service(s) multiplied by the customer-established rate(s).

NEW INCREASED MMRC =
EXISTING MMRC +
(INCREASED SERVICE(S) X
CUSTOMER ESTABLISHED RATE(S))

An increase in the MMRC does not change any of the terms or conditions in effect.

(c) Decreasing the MMRC

The customer may elect to decrease the MMRC at any time during the life of the OPP. To initiate a decrease in the MMRC, the customer must provide the amount of the decrease in writing with the understanding that the decreased MMRC becomes the new MMRC.

The decreased MMRC will be calculated as follows:

NEW DECREASED MMRC =
EXISTING MMRC - DECREASE IN MMRC

When the MMRC is decreased, the customer will be assessed the following termination charge:

TERMINATION CHARGE =
TERMINATION % X
DECREASE IN MMRC X
MONTHS REMAINING IN OPP

TERMINATION % = 50% FOR THREE YEAR OPP
= 40% FOR FIVE YEAR OPP

A decrease in the MMRC does not change any of the terms or conditions in effect

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(C) Terms and Conditions (Cont'd) (N)

(2) Conversion to Other Telephone Company Services

A customer may convert to other Telephone Company services not covered by another term pricing plan(s) without incurring termination liabilities. The new service must represent equal to or greater than revenues remaining in the existing OPP service period being converted.

At the time of disconnect from the existing OPP service and the connect of the new service, if the total revenue for the new service (i.e., total monthly recurring charges for the minimum period for the new service) is less than the revenue that would have been collected under the existing OPP, a termination charge as set forth in 7.2.19(D)(3) will apply. (N)

(D) OPP Renegotiation

(1) The customer may terminate an existing OPP prior to the end of the three or five year commitment and renegotiate a new OPP.

(2) The renegotiated OPP may be a three or five year commitment.

(3) The renegotiated OPP will be based on the current rates.

(4) The renegotiated OPP MMRC must reflect an increase from the previous OPP MMRC.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(E) OPP Renewal (T)(M)

(1) Customers electing to renew an existing OPP must provide the Telephone Company, in writing, their intent to renew their OPP. Written notification must be provided 90 days prior to the expiration of the current OPP.

(2) The customer must renew at the same commitment as the customer's existing OPP, i.e., three year or five year.

(3) The customer will continue to be billed at the current OPP rates.

(4) The customer is not required to increase the MMRC.

(5) If the customer does not renew the OPP, the customer's service will be billed at the applicable tariffed monthly rates in effect at the time the OPP expires. (T)(M)

Certain material appearing on this page formerly appeared on 1st Revised Page 7-62.3.

Material previously appearing on this page now appears on 4th Revised Page 7-61.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(F) OPP Extension

(1) Customers may extend an OPP by providing written notification to the Telephone Company 60 days prior to the expiration of the current OPP. An OPP may be extended one time only.

(2) The extension period for a three year or five year OPP is 60 months.

(3) (a) Three Year OPP customers with the 60 month extension will be billed customer-established rates. The customer-established rates will be modified as follows:

THREE YEAR EXTENSION RATE =
CUSTOMER-ESTABLISHED OPP RATES X .95

(b) Five year OPP customers with the 60 month extension will be billed customer-established rates. For existing customers with extensions (C)
prior to 3/31/00, the per mile rate elements (C)
will be modified as follows:

FIVE YEAR EXTENSION RATE =
CUSTOMER-ESTABLISHED OPP PER MILE RATE X
MULTIPLIER

Per Mile Rate Elements	Multiplier
Voice Grade	.255
MegaLink Data 9.6 Kbps	.519
MegaLink Data 56 Kbps	.458
High Capacity 1.544	.950

Note: For new customers after 3/31/00, the Per (N)
Mile Rate Element Multiplier will not
apply. (N)

(c) Customers currently enrolled in the 24 month extension may remain with the customer-established 24 month extension; however, the rate modifications do not apply.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(F) OPP Extension (Cont'd) (T)(M)

(4) The customer who elects a 60 month extension will have a one-time option to increase or decrease the MMRC based upon the preceding rate modifications. This MMRC adjustment must be provided to the Telephone Company within 90 days of the start of the 60 month extension. The access order charge will not be applied to the one-time MMRC adjustment.

(5) A 60 month extension OPP customer may convert to other Telephone Company services not covered by (T) another term pricing plan(s) without incurring termination liabilities. The new service must represent equal to or greater than revenues remaining in the existing OPP service period being (T) converted.

At the time of disconnect from the existing OPP (T) service and the connect of the new service, if the total revenue for the new service (i.e., total (T) monthly recurring charges for the minimum period for the new service) is less than the revenue that would have been collected under the existing OPP, a termination charge as set forth in 7.2.19(D)(3) will (T) apply. (M)

Material previously appearing on this page now appears on 2nd Revised Pages 7-62 and 7-62.1 and 1st Revised Page 7-62.4.

Certain material appearing on this page formerly appeared on 2nd Revised Page 7-63.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(G) Conversion to Other Telephone Company Term Pricing Plans (T)(M)

Conversion to other Telephone Company term pricing plan(s) will be allowed, without incurring termination charges, providing all of the following conditions are met: (T) (T)

1) a minimum period of 12 months has been completed under the existing OPP,

2) the due date of the new connect order must be the same as the due date of the disconnect order, (T)

3) the OPP service being disconnected must convert service, on a circuit equivalent basis, to a new service with a term pricing plan period that is greater than the number of months remaining in the current OPP, and (T)

4) the new service must be provided between the same customer locations and with the same customer of record as the disconnected service. (T)

5) the monthly rates for the new service will be those in effect at the time the service is converted. Nonrecurring charges for the new service will apply. (T) (M)

Certain material appearing on this page formerly appeared on Original Page 7-62.2.

Material previously appearing on this page now appears on 1st Revised Page 7-62.2.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(H) Rate Applications

(1) Billed Revenues

When the customer's actual billed revenues fall below the MMRC, the customer will be billed the MMRC.

(2) Nonrecurring Charges* (C)

The OPP nonrecurring charges, as shown in 7.3 (Service Descriptions, Rates and Charges) and the Access Order Charge as set forth in 5.2 (Access Order), will apply for those services ordered and installed under a new three year or five year OPP.

For existing five year OPP customers who order and install new services:

- The OPP nonrecurring charge will be waived when the customer increases the MMRC by 50% of the monthly rate associated with the newly installed services.

- The OPP nonrecurring charges will apply if the customer does not increase the MMRC by 50% of the monthly rate associated with the newly installed services.

The Access Order Charge will apply to all orders for new service.

The OPP nonrecurring charges do not apply to existing services that are to be converted to an OPP; however, the Access Order Charge will apply.

* For Services ordered under MVP, refer to Section 38.3(E)(5). (C)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(H) Rate Applications (Cont'd)

(3) Termination of Service

Customers requesting the termination of an OPP prior to the expiration date, excluding OPPs terminated as a result of a renegotiation, will be charged a percentage of the MMRC for the remainder of the term as indicated below.

TERMINATION % = 50% FOR A THREE YEAR OPP AND
40% FOR A FIVE YEAR OPP

The termination charge is calculated as follows:

TERMINATION CHARGE =
MMRC X
MONTHS REMAINING IN OPP X
TERMINATION PERCENTAGE

Customers who ordered OPP service prior to October 6, 1999 and request the termination of an OPP prior to the expiration date of an extension of service will be calculated as follows: (C) (C)

TERMINATION CHARGE =
NUMBER OF MONTHS UTILIZED OF THE EXTENSION X
(CURRENT MONTHLY RATE -
OPP MONTHLY RATE)

Customers who ordered OPP service on or after October 6, 1999 and request the termination of an OPP prior to the expiration date of an extension of service will be calculated as follows: (N)

Minimum Monthly Revenue Commitment	X	Months remaining in OPP Extension	X	Termination percentage of 45%

= Termination Charge (N)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.19 Optional Payment Plan (Cont'd)

(D)

(D)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP)

(A) General Description

High Capacity Term Pricing Plan (HC-TPP) provides the customer with rate stabilization and discounted tariff rates. The customer agrees to a minimum monthly revenue commitment when establishing service under HC-TPP.

The minimum monthly revenue commitment is established on a per LATA, state or company level as described in 7.2.20(C)(1) (Minimum Monthly Revenue Commitment). When the minimum monthly revenue commitment is met at the LATA, state or company level, the customer has the ability to move an HC-TPP circuit within the level specified from one location to another location without incurring a Termination Charge.

Decreases in HC-TPP monthly recurring tariff rates will be passed on to customers who participate in an HC-TPP. The customer's minimum monthly revenue commitment will be reduced accordingly. The Telephone Company will notify customers participating in HC-TPP when monthly rates are decreased.

Should the Telephone Company increase its rates during the HC-TPP period, the customer would continue to pay the rates in effect at the time the customer elected to establish service under HC-TPP.

If the customer upgrades to MegaLink Custom, STN or ReliaNet Service, the minimum monthly revenue commitment will be decreased to reflect the decreased number of circuits.

(B) Services Available Under HC-TPP

A customer may elect to participate in HC-TPP for the following rate elements as described in 7.3 (Service Descriptions, Rates and Charges):

- High Capacity Channel Termination
- High Capacity Channel Mileage (Fixed and Per Mile)
- High Capacity Multiplexing
- Securenet options for Missouri as set forth in 7.2.20 (F) (T)
- Collocation Transport Inter/Intra Office (N)
  (Fixed and Per Mile) (N)

(This page filed under Transmittal No. 2827)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(C) Terms and Conditions

(1) Minimum Monthly Revenue Commitment

The customer agrees to a minimum monthly revenue commitment when electing to participate in a HC-TPP.

The minimum monthly revenue commitment is determined when the customer specifies the quantity of services to be included in the HC-TPP. That amount is then calculated using the current HC-TPP rates in effect at the time to arrive at the minimum monthly revenue commitment.

The minimum monthly revenue commitment is calculated as follows:

(Number of circuits) X (Rates in effect when)
(ordered) (customer establishes)
(service under HC-TPP)

= Initial minimum monthly revenue commitment.

The customer may establish the HC-TPP minimum
monthly revenue requirement at LATA, state or (C)
company level as follows: (C)

Less than 71% of total DS1 revenues is established as HC-TPP = LATA

71% to 90.99% of total DS1 revenues is established (C)
as HC-TPP = state

91% or greater of total DS1 revenues is established (C)
as HC-TPP = company (C)

(a) Maintaining the Minimum Monthly Revenue Commitment

A customer who chooses the state level must maintain that level of minimum monthly revenue commitment for a minimum of one quarter before returning to a LATA level. At the quarterly
review, if the level is below 71%, the (T)
customer has 30 days to increase the revenue
to between 71% and 90.99% to maintain the (C)
state level.

If the customer elects not to increase the
revenues, the minimum monthly revenue (C)
commitment will be modified to reflect the LATA level and an Access Order charge will apply.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(C) Terms and Conditions (Cont'd)

(1) Minimum Monthly Revenue Commitment (Cont'd)

(a) Maintaining the Minimum Monthly Revenue Commitment (Cont'd)

A customer who chooses the company level must maintain that level of minimum monthly revenue commitment for a minimum of one year.

After the minimum one year commitment is met, (C)
quarterly reviews will be conducted. At the (C)
quarterly review, if the level is below 91%, the customer has 30 days to increase the revenue to 91% or greater to maintain the company level.

If the customer elects not to increase the revenues, the minimum monthly revenue commitment will be modified to reflect the state level and an Access Order charge will apply.

(b) Exceeding the Minimum Monthly Revenue Commitment

The customer is permitted to exceed the minimum monthly revenue commitment by 10 percent throughout the life of a 3 year HC-TPP or by 15 percent throughout the life of a 5 year HC-TPP. If the customer exceeds the minimum monthly revenue commitment by more than 10 percent on a 3 year HC-TPP, that portion of the minimum monthly revenue commitment will be assessed and billed a 20 percent adjustment factor. If the customer exceeds the minimum monthly revenue commitment by more than the 15 percent on a 5 year HC-TPP, that portion of the minimum monthly revenue commitment will be assessed and billed a 30 percent adjustment factor. The revenue commitment amount will be reconciled quarterly.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(C) Terms and Conditions (Cont'd)

(1) Minimum Monthly Revenue Commitment (Cont'd)

(b) Exceeding the Minimum Monthly Revenue Commitment (Cont'd) (M)

The adjustment factor will be billed until such time as the customer establishes a new revenue commitment or the billing no longer exceeds the 10 or 15 percent allowance. (M)

The adjustment factor will not apply to the company level minimum monthly revenue commitment. (C)

(c) Increasing the Minimum Monthly Revenue Commitment

The customer has the option to increase the minimum monthly revenue commitment rather than pay the adjustment factor. If the increase is received within 30 days of the time the adjustment factor was billed, the adjustment factor will not apply. To initiate an increase in the minimum monthly revenue commitment, the customer must provide the amount of the increase in writing with the understanding that this increased minimum monthly revenue commitment becomes the new minimum monlthly revenue commitment.

The increased minimum monthly revenue commitment would be calculated as follows:

(Rates in effect Service to) (Existing)
(when customer X be added) + (minimum)
(established) (monthly)
(increased service) (revenue)
(under HC-TPP) (commitment)

= Increased minimum monthly revenue commitment.

An increase in the minimum monthly revenue commitment does not change any of the conditions in effect during the life of the HC-TPP.

Certain material appearing on this page formerly appeared on 1st Revised Page 7-65.3.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(C) Terms and Conditions (Cont'd)

(1) Minimum Monthly Revenue Commitment (Cont'd)

(d) Decreasing the Minimum Monthly Revenue Commitment (T) (M)

The customer may elect to decrease the minimum monthly revenue commitment at any time during the life of the HC-TPP. To initiate a decrease in the minimum monthly revenue commitment, the customer must provide the amount of the decrease in writing with the understanding that the decreased minimum monthly revenue commitment becomes the new minimum monthly revenue commitment.

The decreased minimum monthly revenue commitment will be calculated as follows:

Existing minimum monthly revenue commitment - Decrease in minimum monthly revenue commitment

= Decreased (new) minimum monthly revenue commitment.

In addition, the customer will be assessed a termination charge of 20% on either a 3 year or 5 year HC-TPP as follows:

Termination percentage X Decrease in minimum monthly revenue commitment X Months remaining in revenue commitment

= Termination charge.

A decrease in the minimum monthly revenue commitment does not change any of the conditions in effect during the life of the HC-TPP. (M)

Material and revised material appearing on this page previously appeared on Original Page 7-65.4.

Material previously appearing on this page now appears on 1st Revised Page 7-65.6.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(C) Terms and Conditions (Cont'd)

(2) Nonrecurring Charges* (C)

The HC-TPP nonrecurring charges, as described in 7.3 (Service Descriptions, Rates and Charges), will apply for those services ordered and installed under a 5 Year HC-TPP. The nonrecurring charges will not apply toward the minimum monthly revenue commitment.

The HC-TPP nonrecurring charges, as described in 7.3 (Service Descriptions, Rates and Charges), do not apply to existing services that are to be billed under HC-TPP; however, the Access Order Charge (AOC) as defined in 5.2 (Access Order) will apply.

(3) Renegotiation

The customer may choose to terminate an existing HC-TPP before the end of the three or five year period and negotiate a new three or five year HC-TPP without termination liability provided the new HC-TPP meets the following requirements:

(a) the new HC-TPP must represent a greater minimum monthly revenue commitment than the previous HC-TPP, and

(b) the new HC-TPP must be based upon the rates that are currently in effect and available to all customers.

An existing three year HC-TPP may be converted into a five year HC-TPP without termination liabilities, provided that:

(a) the three year HC-TPP has not ended,

(b) the converted HC-TPP must be based upon the rates that are currently in effect and otherwise available to all customers, and

(c) the customer's minimum monthly revenue commitment will be adjusted accordingly, based upon the applicable five year HC-TPP rates times the customer's current HC-TPP number of circuits ordered.

* For Services ordered under MVP, refer to Section 38.3(E)(5). (C)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(C) Terms and Conditions (Cont'd)

(3) Renegotiation (Cont'd)

When the customer converts to a five year HC-TPP, actual time in service for the original HC-TPP will be applied to the new HC-TPP. However, no credits or refunds will apply for the billing of actual time in service for the previous HC-TPP.

(4) Renewal

The customer must provide the Telephone Company with a written notice of intent to renew or extend an HC-TPP no later than 60 days prior to its expiration. The renewal rates will be the rates that are currently in effect and available to all customers. If the customer elects not to renew or extend the HC-TPP, or does not notify the Telephone Company of its intent to renew or extend the HC-TPP, the customer's service will automatically be billed under the tariffed month-to-month rates in effect at the time the HC-TPP expires.

(5) Extension of Service

The customer must provide the Telephone Company with a written notice of intent to extend the HC-TPP no later than 60 days prior to the expiration of the service period.

(a) The customer may elect to extend the existing (C) HC-TPP for an additional 24 month period at (C) the current rates for the three or five year HC-TPP being extended. If the current HC-TPP rates are lower than the original HC-TPP rates, the customer's minimum monthly revenue commitment will be adjusted accordingly. If current HC-TPP rates create a minimum monthly revenue commitment higher than the existing minimum monthly revenue commitment, the customer's existing minimum monthly revenue commitment will continue to apply.

(b) After completion of the first 24 month (N) extension period, the customer may elect to extend the existing HC-TPP for another 24 month period at the current tariffed rates for the three or five year HC-TPP being extended originally. The Lata, State, or Company level MMRC, established with the MMRC developed in 7.2.20(C)(5)(a) above, will be recomputed based on the customer's current recurring HC-TPP billing. (N)

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(C) Terms and Conditions (Cont'd)

(6) Upgrades of Service

A customer may upgrade HC-TPP circuits to MegaLink Custom, STN or ReliaNet Service without termination liability given that:

(a) the customer identifies the High Capacity circuits being moved,

(b) the MegaLink Custom, STN or ReliaNet Service that the above High Capacity circuits are being moved to is a new MegaLink Custom, STN or ReliaNet Service,

(c) the upgrade rates are based on those rates currently in effect in Sections 19.4, 20.5 or 31.3.3 (Rates and Charges) and available to all customers, and

(d) the due date to disconnect the HC-TPP and the due date to connect the MegaLink Custom, STN or ReliaNet Service must be the same.

The AOC will apply.

(7) *Conversion from HC-TPP to Other SWBT Services* (C)

A customer may convert an existing HC-TPP to other access services, without termination liabilities if all of the following criteria are met: (C)

(a) the customer identifies the HC-TPP circuits being moved,

(b) the HC-TPP circuits must be converted to other SWBT services, (C)

(c) the new service represents equal to or greater than revenue remaining in the HC-TPP service period being converted,

(d) the new contract should have termination liability plan equal to or greater than the HC- TPP being replaced, (C)

The AOC will apply.

(This page filed under Transmittal No. 2712)

7. Special Access Service (Cont'd)
7.2 Rate Regulations (Cont'd)
7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)
(D) Rate Applications
(1) Billed Revenues

If the customer reduces the number of circuits under HC-TPP without decreasing the minimum monthly revenue commitment, the initial minimum monthly revenue commitment will be billed.

(2) Special Construction Charges
Any special construction charges incurred for services billed under an HC-TPP will apply. These charges do not apply toward the minimum monthly revenue commitment.

(3) Termination of Service
Customers requesting the termination of an HC-TPP prior to the expiration date, excluding HC-TPP terminated as a result of a renegotiation, will be charged as indicated following:

HC-TPP	Termination Percentage
3 years	20%
5 years	20%

The termination charge will be calculated as follows:

Mimimum monthly revenue commitment	X	Months remaining in HC-TPP	X	Termination percentage

= Termination charge.

Customers requesting the termination of an HC-TPP prior to the expiration date of the first extension (C)
of service will be charged a termination charge as (C)
calculated below: (C)

Number of months utilized of the extension of service	X	Current Monthly Rate	-	HC-TPP Monthly Rate

= Termination charge.

Customers requesting the termination of an HC-TPP (N)
prior to the expiration of the second extension of service will be charge a termination charge as calculated below.

Mimimum monthly revenue commitment	X	Months remaining in 24 month extension	X	Termination percentage of 45%

= Termination charge. (N)

(This page filed under Transmittal No. 2782)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(E) Conversion from High Capacity OPP to HC-TPP

Customers may convert existing High Capacity OPP to HC-TPP under the rules and regulations set forth in Section 7.2.19(G) of the tariff at any time. (D) (C)

(D)

(D)

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(F) SecureNet (M)

The following provisions will apply for SecureNet options offered in the state of Missouri:

(1) Three (3) and five (5) year SNS billing periods are available.

(2) With the exception of availability, all terms and conditions as set forth in 7.3.10(E)(6) apply.

(3) Revenue from SecureNet options will be included in the Minimum Monthly Revenue Commitment as set forth in 7.2.20(C)(1).

(4) A customer may elect to upgrade existing High Capacity SecureNet options to MegaLink Custom Service SecureNet options without incurring termination liabilities. All rates and charges as set forth in Section 20.5.3(B) will apply.

(5) Discontinuance of a SecureNet option at an existing customer location will result in termination liabilities as set forth in (7) following.

(6) A customer may renew an SNS option for another 3- or 5-year period. The customer must provide the Telephone Company with a written notice of intent to renew an SNS option no later than 90 days prior to its expiration. The renewal rates will be the rates that are currently in effect and available to all customers. If the customer elects not to renew an SNS option, or does not notify the Telephone Company of its intent to renew the option, the customer's service will automatically be billed under the tariffed month-to-month rates in effect at the time the SNS option expires. (M)

Material appearing on this page previously appeared on 2nd Revised Page 7-65.10.

Material previously appearing on this page now appears on Original Page 7-65.12.

7. Special Access Service (Cont'd)

7.2 Rate Regulations (Cont'd)

7.2.20 High Capacity Term Pricing Plan (HC-TPP) (Cont'd)

(F) SecureNet (Cont'd) (M)

(7) A SecureNet option which is terminated prior to the expiration of a 3 or 5 year billing period will be subject to termination charges as follows:

Monthly Rate for Securenet Option X Number of Months Remaining on the SNS Option X Termination Percentage = Termination Charge

The Termination Percentage is 20%.

The Monthly Rate referenced above will be the customer's current monthly rate for the SNS option at the time of termination.

(8) SecureNet nonrecurring charges apply per Channel Termination. Nonrecurring charges associated with new SecureNet options will be waived on new or existing High Capacity Service from July 1, 1994 through December 31, 1994. However, the Access Order Charge (AOC), as set forth in 5.2, will apply. Access Service Requests received after December 31, 1994 will incur nonrecurring charges as set forth in 7.3.10(F)(22)(d). (M)

Material appearing on this page previously appeared on Original Page 7-65.11.

ACCESS SERVICE

20. Internet Transport Access Service (ITAS) (N)

20.1 Service Description

Internet Transport Access Service (ITAS) is a switched based, data transport service that aggregates and hands off traffic using a one way data connection to the customer. The customer is defined as an entity providing dial access service via a data switch. ITAS will support calls from analog modem users or ISDN Basic Rate Interface (BRI) lines. ITAS is provisioned through the use of end office (EO) switching, and transport from the Telephone Company's EO. Dial-Up user data is transmitted to the customer via dedicated EO port groups. Routing of end user traffic to the customer's data switch requires Signaling System 7 (SS7) call setup. The customer may purchase SS7 access from Section 6 (Switched Access Service). The customer must also purchase a Direct Trunked Transport (DTT) and an Entrance Facility separately from Section 6 (Switched Access Service). In addition, the customer may need to purchase multiplexing from Section 6 (Switched Access Service). Customers who require physical or virtual collocation must purchase interconnection cross connects from Section 16 (Expanded Interconnection Service).

ITAS is available in Telephone Company central offices (CO) that support 64kbp clear channel capability (CCC). These locations are listed in the National Exchange Carrier Association, Inc. (NECA) Tariff F.C.C. No.4.

20.2 Service Components

ITAS consists of the following service components as described below.

A. Telephone Numbers

ITAS is accessed by end users dialing telephone numbers dedicated to the customer's service and within their designated calling scope. All telephone numbers will be routed to Telephone Company provided dedicated switch ports. There will be a minimum of one telephone number per connected EO.

B. Access Port Groups

Allows end users, located within a specific local exchange area, dial access to the customer. The access port consists of local switching, and a dedicated EO switch port to the customer and will be provisioned with Telephone Company Provided Telephone Numbers (TPTN). A maximum of three trunk groups will be allowed to be provisioned against any one port group. Telephone numbers may be purchased from Section 20.5 (Rates and Charges).

When the traffic for an end user exceeds the capacity for a DS1 to any given end office, the Telephone Company reserves the right to require the customer to connect directly to the EO identified by the Telephone Company's. If the customer refuses to connect to the identified EO the customer will be given a thirty day written notice to connect to the identified EO. If at the end of the thirty days the customer has not connected to the identified EO its ITAS will be terminated.

(N)

20. Internet Transport Access Service (ITAS) (Cont'd) (N)

20.3 Regulations

ITAS is subject to the General Regulations and Ordering Options for access service as specified in Sections 2 and 5, respectively. In addition, the following apply:

A. ITAS only supports one way data applications to the customer.

B. Provisioning of this service is subject to the availability and operational limitations of the Telephone Company's equipment and associated facilities.

C. The customer is responsible for the installation, operation and maintenance of any and all customer provided equipment (CPE) including terminal equipment, communication system and software. The CPE must be compatible with the Telephone Company's equipment and facilities. The CPE must conform to industry standards and specifications set forth in the Telephone Company's technical publication (TP) 76642.

D. Toll charges will apply if the call is originated outside of the customer's subscribed calling area.

E. The Telephone Company reserves the right to monitor its network at all times to ensure its proper use. If the Telephone Company determines that the service is being used for non-data applications, the customer will be given thirty days written notification to discontinue the unauthorized use. Failure to do so will result in the customer's ITAS being disconnected. During the thirty days the customer will be given the option to purchase an applicable switched access product.

F. Any CPE must not:

1. Endanger the safety of the Telephone Company's employees or the public;
2. Damage, harm, require change in or alteration of the equipment or other services of the Telephone Company; or
3. Interfere with the proper operation of the Telephone Company's equipment.

Upon notice from the Telephone Company that the equipment provided by the customer or end user is causing, or is likely to cause, such hazard or interference, the customer shall take such steps as shall be necessary to remove or prevent such hazard or interference.

(N)

20. Internet Transport Access Service (ITAS) (Cont'd) (N)

20.4 Rate Applications

A. Rate Elements

1. Internet Transport Access Port

The Internet Transport Access Port rate element is provided on a flat rate, monthly basis. Term discounts are available as shown in Section 20.5 (Rates and Charges).

2. Nonrecurring Charge

A nonrecurring charge will apply for the installation of the Internet Transport Access Port rate element.

3. Telephone Numbers

The Telephone Number rate element is provided on a monthly basis per telephone number. There are no nonrecurring charges associated with the purchase of telephone numbers. The charge is described in Section 20.5 (Rates and Charges).

B. Term Pricing Plan (TPP)

1. Length of Agreements

ITAS Term Pricing Plans (TPPs) are available for the 1-year, 3-year, or 5-year service plan period.

2. Minimum Port Groups

A customer must subscribe to a minimum of one port group per Telephone Company EO. A port group is comprised of 24 ports (DS1).

3. Additional Port Groups

Port groups may be added to an existing contract and may be coterminous with the existing contract. Any port groups that remain in service for less than one year will incur a nonrecurring installation charge as described in Section 20.5 (A)(1)(Rates and Charges). A customer may not reduce the number of ports during the service period.

4. Service Expiration

The customer must provide the Telephone Company with a written notice of intent to renew or terminate their ITAS service no later than 90 days prior to the expiration of the original service period.

If the customer elects not to renew its ITAS service or does not notify the Telephone Company of its intent to terminate, the customer's service will automatically be billed under the tariffed month to month rates currently in effect. (N)

20. Internet Transport Access Service (ITAS) (Cont'd) (N)

20.4 Rate Applications (Cont'd)

B. Term Pricing Plan (TPP) (Cont'd)

5. Termination Charges

If the customer terminates service after customer confirmation of order acceptance, but prior to the implementation date, the termination charge shall be determined as follows:

- The Telephone Company's recurring and nonrecurring costs of labor, engineering, non-reusable materials, interest, transportation, storage, manufacturer's cancellation charges and any other costs incurred by the Telephone Company, including those expenses incurred in preparation for start of installation and any reasonable costs incurred by the Telephone Company with respect to the provision of the service. (N)

(N)

20. Internet Transport Access Service (ITAS) (Cont'd)

20.4 Rate Applications (Cont'd)

B. Term Pricing Plan (TPP) (Cont'd)

5. Termination Charges (Cont'd)

If service is terminated by the customer after the implementation date and after the effective date, the termination charge shall be the lesser of:

- The difference between the rates and charges for the completed months of the service term at the time of termination and the rates and charges for the next lower service term [1] that the customer has actually completed, plus interest charges based on the approved discount rate in effect at the time of termination; or

- The present value of the monthly payments remaining on the service term, using the approved discount rate in effect at the time of termination.

Payment of the termination charges does not release the customer from other previous amounts owed to the Telephone Company for services actually received.

6. Moves to a New Location

A customer with an existing TPP may move the existing service to a new location within the LATA, or move and change ITAS to another Telephone Company service without incurring termination charges provided all of the following conditions are met:

- The new service is provided solely by the Telephone Company,
- The new service maintains the existing Initial Service Period at the new location or establishes a new Initial Service Period equal to or greater than the Original Initial Service Period at the old location,
- The customer's request for disconnect of the existing service and the request for new service are received at the same time,
- The customer's disconnect order for the existing services references the new connect order for the new service,
- The due date of the new connect order must be within 120 days of the due date of the disconnect order, and
- For other Telephone Company services, the total monthly rate of the new service is equal to or greater than the total monthly rate of the existing service being discontinued.

Any moves to a location outside of the LATA will be treated as termination of service and all termination charges will apply.

(N)

(1) If the service is terminated before the completion of the least available term the calculation is based on month to month rates and applicable nonrecurring charges.

7. Special Access Service (Cont'd)

7.2 Service Descriptions (Cont'd)

7.2.12 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (N)

(A) Basic Channel Description

GigaMAN is a fiber based, point-to-point, gigabit Ethernet service that allows customers to transport data signals between local area networks (LANs). GigaMAN transports data signals at the rate of 1 gigabit per second (Gbps). All basic service configurations provide a single direction of transmission. There is one basic type of GigaMAN service configuration: Node-to-Node service (two-point service), which connects two customer-designated premises, either inter or intra wire center.

The following regulations will apply to GigaMAN:

(1) This service is available to customers in those LATAs served by and within the service territories of Pacific Bell Telephone Company (PBTC) only.

(2) If existing facilities do no exist Special Construction may apply.

(3) This service is limited to a distance of approximately 50 route kilometers or less (approx. 31 miles), or maximum fiber optic loss between nodes of 29 db.

(4) PBTC considers a service interrupted when it becomes unusable to the customer because of a failure of a facility component used to furnish service under this tariff in the event that the protective controls applied by PBTC result in the complete loss of service by the customer. An interruption period starts when a customer reports an inoperative service to PBTC and PBTC confirms that continuity has been lost, and ends when the service is operative. (N)

7. Special Access Service (Cont'd)

7.2 Service Descriptions (Cont'd)

7.2.12 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (Cont'd)

(A) Basic Channel Description (cont'd)

(5) Service Provisioning

(N)

(a) The customer provided equipment(CPE) must deliver the data signals for GigaMAN transport for the subscribed data service.

(b) GigaMAN provides physical layer transport only. PBTC assumes no responsibility for the through transmission of signals generated by the CPE, for the signals by the CPE, or address signaling to the extent the CPE performs addressing. Error detection and correction of data generated by the CPE is the customer's responsibility.

(B) Channel Configuration

There are 3 basic rate elements, which apply to GigaMAN service:

(1) Local Distribution Channel (LDC)

Local Distribution Channel (Same as Channel Termination) is the termination of GigaMAN at a customer designated premise (node), as described in Section 7.1.2 (A). A minimum of two LDCs apply, each consisting of the following two elements:

(a) the termination for the fiber optic facilities at each node and its serving wire center.

(b) the fiber optic facility between each node and its serving wire center.

(2) Interoffice Mileage

Interoffice Transport facilities, which provide the transmission path between Serving Wire Centers associated with two customer designated premises, are comprised of Fixed and Per Mile rate elements.

7. Special Access Service (Cont'd)

7.2 Service Descriptions (Cont'd)

7.2.12 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (Cont'd)

(C) Non-recurring Charges (N)

Non-recurring charges are one-time charges that apply for specific work activity related to the provisioning of GigaMAN Service, as described in *Section 7.4.1 (C)*.

(D) Recurring Charges

Recurring Charges are rates that apply each month or fraction thereof that the service is provided. Recurring rates apply to 12-, 36-, or 60- month period under the terms and conditions of Term Pricing Plan (TPP), discussed in (F) following.

(E) Monthly Extension Rates

Upon completion of a TPP, customer's service will automatically convert to the Monthly Extension Rates unless the customer requests a new TPP.

(F) Term Pricing Plan (TPP)

GigaMAN is available for 12-, 36-, or 60- month periods. Monthly recurring charges apply for Local Distribution Channels (TMECS), Interoffice Transport Fixed Mileage (1L5XX), and Mileage (1L5XX) where appropriate.

(1) Renewals

At the end of a TPP period, the customer must select one of the following options within one month prior to the expiration date:

a. Renew the service for a one, three, or five year TPP as provided in this tariff;
b. Elect to disconnect the service upon *expiration of the billing period; or*
c. Continue the service on a monthly basis at the current Monthly Extension Rates.

All services under an existing TPP that are not renewed within the period stated above will revert to Option (1)c above and be billed at the current Monthly Extension Rates.

7. Special Access Service (Cont'd)

7.2 Service Descriptions (Cont'd)

7.2.12 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (Cont'd)

(F) Term Pricing Plan (TPP) (Cont'd)

(2) Conversions (N)

During the customer's TPP term conversions may be made to a new TPP term of the same or greater length. The expiration date of the new service must be beyond the expiration date of the original TPP term. With the new TPP, the customer incurs no liability for the remaining months on the original TPP.

An Administrative Charge is applicable when customers renew or change the length of the TPP term.

(3) Termination Liability

Customers requesting termination of service prior to expiration date of the TPP term will be liable for a termination charge, which is calculated as follows:

Billing Period	Termination Percentage
1 Year	85%
3 Year	75%
5 Year	60%

(Monthly Recurring Rate)*(Months Remaining in Billing)*(Termination Percentage) = Term. Liability Charge

Example: A GigaMAN Customer with a $6,000.00 monthly rate terminates service after 2 years with 1 year (12 months) remaining in a 3 year TPP. The termination liability would be calculated as follows:

$6,000 X 12 X .75 = $54,000.00 Termination Charge

7. Special Access Service (Cont'd)

7.2 Service Descriptions (Cont'd)

7.2.12 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (Cont'd)

(G) Moves (N)

Moves involve a change in the physical location of one of the following

- Service rearrangement;
- Point of Termination at the customer's premises; or
- Customer's premises.

Move charges are dependent upon the type of move requested by the customer.

(1) Service Rearrangement

Service rearrangements are changes to existing (installed) services, which do not result in a change in the minimum period requirements, as set forth in Section 5.2.8.

(2) Moves Within the Same Building

When the move is to a new location within the same building, the Administration charge and Customer Connection charge for the service termination affected will apply. There will be no change in the minimum period requirements, as described in Section 5.2.9.

(3) Moves to a Different Building

Moves to a different building will be treated as a discontinuance therefore start of service, all associated nonrecurring charges, and new minimum period requirements, as described in Section 5.2.9, will apply.

(H) Mileage Measurement

The mileage is calculated on the airline distance between the locations involved, i.e. the serving wire centers associated with two customer designated premises and an international boundary point, a serving wire center associated with a customer designated premises and a Telephone Company Hub, a serving wire center associated with a customer designated premises and a WATS Serving Office as described in Section 7.4.5.

7. Special Access Service (Cont'd)

7.2 Service Descriptions (Cont'd)

7.2.12 Gigabit Ethernet Metropolitan Area Network (GigaMAN)

(I) Upgrade to GigaMAN from other Access Products (N)

Other Access products may not upgrade to GigaMAN without incurring applicable Termination Liability charges, if any, on that current access product.

(J) Modification of Access Service

The customer may request a modification of its Access Order at anytime prior to notification by PBTC that service is available for the customer's use. PBTC will make every effort to accommodate a requested modification when it is able to do so with the normal work force assigned to complete such an order within normal business hours.

If the modification cannot be made with the work force during normal business hours, PBTC will notify the customer. If the customer still desires the Access Order Modification, PBTC will schedule a new service date. All charges for Access Order modifications will apply on a per occurrence basis as described in Section 5.2.2.

10. Federal Government Specialized Service or Arrangements

10.1 General

This section covers Specialized Services or Arrangements that are provided to a customer for use only by agencies or branches of the Federal Government and other users authorized by the Federal Government. Services provided to state emergency operations centers are included. These services provide for command and control communications, including communications for national security, emergency preparedness and presidential requirements. They are required to assure continuity of Government in emergency and crisis situations and to provide for national security. In addition, this section covers the Telecommunications Service Priority (TSP) System service and procedures as set forth in 10.8.1(D) since it is administered by the Federal Government.

Services for command and control communications and for national security and emergency preparedness sometimes require short notice and short duration service provisions. These provisions are especially needed to meet presidential requirements or in response to natural, man-made, or declared emergencies. Requirements of this type cannot be forecasted and are usually needed for a relatively short period. The provision of service under these conditions may require the availability of facilities, such as portable microwave equipment, which are provided on a temporary basis by the Telephone Company, customer or end user.

10.2 Emergency Conditions

These services will be provided on the date requested or as soon as possible thereafter when the emergency falls into one of the following categories:

(A) State of crisis declared by the National Command Authorities (includes commitments made to the National Communications System in the "National Plan for Emergencies and Major Disasters").

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.2 Emergency Conditions (Cont'd)

(B) Efforts to protect endangered U.S. personnel or property both in the U.S. and abroad. (Includes space vehicle recovery and protection efforts.)

(C) Communications requirements resulting from hostile action, a major disaster or a major civil disturbance.

(D) The director (Cabinet level) of a Federal department, Commander of a Unified/Specified Command, or head of a Military department has certified that a communications requirement is so critical to the protection of life and property or to the National Defense that it must be processed immediately.

(E) Political unrest in foreign countries which affect the national interest.

(F) Presidential service.

10.3 Intervals to Provide Service

Certain services provided under the provisions of this section of the tariff are provided on an individual case basis. Therefore, orders for such service shall be placed under the Negotiated Internal provisions set forth in 5.2.1 (B) preceding.

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.4 Safeguarding of Service

10.4.1 Facility Availability

In order to insure communications during periods of emergency, the Telephone Company will, within the limits of good management, make available the necessary facilities to restore service in the event of damage or to provide temporary emergency service as set forth in 10.8.1(D) and 10.8.3(D) following.

10.4.2 Utilization of Government Owned Facilities

In order to meet the requirements of agencies or branches of the Federal Government, the Telephone Company may utilize government-owned facilities, when necessary to provide service.

10.5 Federal Government Regulations

In accordance with Federal Government Regulations, all service provided to the Federal Government will be billed in arrears. However, this provision does not apply to other customers that obtain services under the provisions of this tariff to provide their services to the Federal Government.

10.6 Mileage Application

Mileage, when used for rate application in this section of the tariff, shall be determined by the V and H Coordinates Method as set forth in NATIONAL EXCHANGE CARRIER ASSOCIATION, INC., WIRE CENTER AND INTERCONNECTION INFORMATION, TARIFF F.C.C. NO. 4 and administered as set forth in 7.4.6 preceding.

10. *Federal Government Specialized Service or Arrangements* *(Cont'd)*

10.7 Moves

When service without a maximum termination liability charge associated with it, as set forth in 10.8.1 and 10.8.2 following is moved to a different building, the nonrecurring charge applies; when moved to a new location in the same building, a charge of one-half the nonrecurring charge applies.

When service with a maximum termination liability charge associated with it, as set forth in 10.8.1 and 10.8.2 following is moved and is reinstalled at a new location, the customer may elect:

- to pay the unexpired portion of the maximum termination liability charge for the service, if any, with the application of a nonrecurring charge and the establishment of a new maximum termination liability charge for such service at the new location, or

- to continue service subject to the unexpired portion of the maximum termination charge, if any, and pay the estimated costs of moving such service, provided that the customer request these charges be quoted prior to ordering the service move. Charges for moving such service will be based on estimated costs attributable to the move.

Move charges include the estimated costs of removal, restoration of service or facilities necessitated by the move, transportation, storage, reinstallation, engineering, labor, supervision, materials, administration, and any other specific items of cost directly attributable to the move.

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings

The following unique services are provided to a customer for use only by agencies or branches of the Federal Government, other authorized users and state emergency operations centers. The rates and charges for certain services shall be developed on an individual case basis and shall be consistent with the rates and charges for services offered in other sections of this tariff.

10.8.1 Type and Description

(A) Voice Grade Special Access Services

(1) Voice Grade Secure Communications Type I
Approximate bandwidth of 10-50,000 Hertz. Furnished for two-point secure communications on two-wire or four-wire metallic facilities between a customer terminal location and an end user's premises. Services are conditioned as follows:

T-3 Conditioning - The absolute loss (referenced to 1 milliwatt) with respect to frequency shall not exceed:

15 dB at 10 Hz
13 dB at 100 Hz
9 dB at 1,000 Hz
20 dB at 10,000 Hz
30 dB at 50,000 Hz

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(A) Voice Grade Special Access Services (Cont'd)

(1) Voice Grade Secure Communications Type I (Cont'd)

Additional conditioning (available in one or two directions on four-wire facilities only) to provide the following characteristics:

The absolute loss (referenced to one milliwatt) with respect to frequency shall not exceed:

0 db at 1,000 Hz
$\pm$ 1 dB between 1,000 Hz and 40,000 Hz
$\pm$ 2 dB between 10 Hz and 50,000 Hz
(+ means more loss)

The net loss of the conditioned service (with or without additional conditioning) shall not vary by more than four dB at 1,000 Hz from the levels specified above. Voice frequency signaling or supervisory tones can be transmitted.

(2) Voice Grade Secure Communications Type II

Approximate bandwidth 10-50,000 Hz. Furnished on four-wire metallic facilities for duplex operation for two-point secure communication between a customer terminal on an end user's premises and an end user's premises. Services are conditioned as follows:

G-1 Conditioning - The absolute loss with respect to frequency and the net loss variation shall be the same as Voice Grade Secure Communications Type I services without additional conditioning. Voice frequency signaling or supervisory tones can be transmitted.

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(A) Voice Grade Special Access Services (Cont'd)

(3) Voice Grade Secure Communications Type III

Approximate bandwidth 10-50,000 Hz. Furnished on four-wire metallic facilities for duplex operation for two-point secure communications between a customer premises switch and an end user's premises. Services are conditioned as follows:

G-2 Conditioning - The absolute loss with respect to frequency and the net loss variation from the switch to an end user's premises shall be the same as Voice Grade Secure Communications Type I services without additional conditioning; from an end user's premises to the switch shall be the same as Voice Grade Secure Communications Type I services with additional conditioning. Voice frequency signaling or supervisory tones can be transmitted.

(4) Voice Grade Secure Communications Type IV

Approximate bandwidth 10-50,000 Hz. Furnished on four-wire metallic facilities for duplex operation for two-point secure communication between two customer premises switches. Services are conditioned as follows:

G-3 Conditioning - The absolute loss with respect to frequency and the net loss variation shall be the same in both directions of transmission as Voice Grade Secure Communications Type I services with additional conditioning. Voice frequency signaling or supervisory tones can be transmitted.

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(B) Wideband Digital Special Access Service

Service arrangements for secured communications to accommodate the transmission of binary digital baseband signals in a random polar format.

(1) Wideband Secure Communications Type I

For transmissions at the rate of 18,750 bits per second.

(2) Wideband Secure Communications Type II

For transmission at the rate of 50,000 bits per second.

(3) Wideband Secure Communications Type III

To accommodate the transmission of restored polar two-level facsimile signals with a minimum signal element width of twenty microseconds at a rate of 50,000 bits per second.

To accommodate the transmission of binary digital baseband signals in a random polar format at the rate of 50,000 bits per second.

(C) Special Routing Access Service

Special Routing Access Service is furnished only to AT&T Communications (At&T-C) for an agency or branch of the Federal Government. This service provides the customer's end users the ability to originate and terminate calls to or from the customer's premises utilizing a Special Routing Plan.

10. Federal Government Specialized Access Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(C) Special Routing Access Service (Cont'd)

This service is an optional service which operates in conjunction with Trunk Side Premium Access Service furnished to AT&T-C under other provisions of this tariff.

The Telephone Company will record Special Routing Access Service Active Mode Trunk Usage, and will bill the customer in accordance with these records. The hours for each trunk ordered will be summed and then rounded to the nearest hour, except that when the total is less than one hour, one hour will be used to determine the charge.

(D) Telecommunications Service Priority (TSP) System

(1) Priority installation and/or restoration of National Security Emergency Preparedness (NSEP) telecommunications services shall be provided in accordance with Part 64.401, Appendix A. of the Federal Communications Commission's (FCC's) Rules and Regulations.

In addition, TSP System service shall be provided in accordance with the guidelines set forth in "Telecommunications Service Priority (TSP) System for National Security Emergency Preparedness (NSEP) Service Vendor Handbook" NCS Handbook 3-1-2 dated December 1, 1989.

The TSP System is a service, developed to meet the requirements of the Federal Government as denoted in the NSEP Service Vendor Handbook, which provides the regulatory, administrative and operational framework for the priority installation and/or restoration of NSEP telecommunications services. These include ALA, Feature Group A Switched and Special Access Services. The TSP System applies only to NSEP telecommunications services, and requires and authorizes priority action by the Telephone Company providing such services.

10. Federal Government Specialized Access Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(D) Telecommunications Service Priority (TSP) System (Cont'd)

(2) TSP service applicability is limited to those access services which the Telephone Company can discretely identify for priority installation and/or restoration.

(3) Some of the elements required for the TSP System are included in other sections of this tariff as general service offerings. They have been repeated in this section to reflect the complete TSP System with appropriate references to those other sections of the tariff for regulations, rates and charges.

(4) The customer for TSP System Service also must be the same customer for the Access Service with which it is associated.

(5) Under certain conditions it may be necessary to preempt one or more customer services with a lower or no restoration priority in order to install or restore NSEP telecommunications service(s) of a higher priority. If such preemption is necessary, and if circumstances permit, the Telephone Company will make reasonable effort to notify the preempted service customer of the action to be taken. Credit allowance for such service preemption shall be made in accordance with the provisions set forth in 2.4.4(E) preceding concerning Temporary Surrender of a Service.

(6) The customer, in obtaining TSP System service, acknowledges and consents to the provision of certain customer service record information by the Telephone Company to the Federal Government in order for the Government to maintain and administer its overall TSP System. This customer service record information will include only customer name, TSP Authorization Code, Telephone Company Circuit/Service ID, customer telephone number and customer mailing address.

10. Federal Government Specialized Access Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(D) Telecommunications Service Priority (TSP) System (Cont'd)

(7) When Priority Restoration Maintenance and Administration is discontinued and the associated Access Service is continued in service, no charge applies for such a discontinuance.

(8) Credit allowance for service interruption for Priority Restoration Maintenance and Administration shall be the same as for the Access Service with which it is associated as set forth in 2.4.4 preceding.

(9) Certain activities performed by the Telephone Company in association with the NSEP Service Vendor Handbook are included in the rate elements as follows:

(a) Priority Installation Invocation includes System Development, Verification, Confirmation and Preemption.

(b) Priority Restoration Level Implementation includes Administration, Maintenance of PR Service, System Development, Verification, Reconciliation, Confirmation and Preemption.

(c) Priority Restoration Level Change includes Verification and Confirmation.

10. Federal Government Specialized Access Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(D) Telecommunications Service Priority (TSP) System (Cont'd)

(10) The customer, in obtaining a Restoration Priority, recognizes that quoting charges and obtaining permission to proceed with the restoration of certain Access Services will cause unnecessary delays.

In subscribing to Restoration Priority service the customer recognizes this condition and grants the Telephone Company the right to quote charges after the restoration has been completed.

(11) Customers that currently have Restoration Priority (RP) Service, as set forth in 13.3.2 following, will continue to receive priority service for a period up to 30 months during the TSP system phase in. At the end of 30 months from the effective date of this tariff, RP Service will be terminated and customers must submit request for TSP Service in accordance with instruction contained in the NSEP Service Vendor Handbook.

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(E) Federal Government Contract Access Services (FGCAS) Term Discount Plan* (C)

(1) General

(a) The Federal Government Contract Access Services (FGCAS) will be provided to any Interexchange Carrier awarded a contract, with a minimum three year period, to provide telecommunications service for the exclusive use of the Federal Government and its authorized agents. This FGCAS Term Discount Plan (Plan) will allow each of the Federal Government's authorized interexchange carriers providing network services under contract to participate in term discounts for dedicated access connections between specific Federal Government locations and the IC's point of presence.

(b) Under the provisions of this tariff authorized suppliers contracted by the Federal Government can obtain network services at discounted rates.

(c) In addition to the specific terms and conditions of this Plan offering described following, all other General Regulations for this Plan are contained in Sections 1, 2, and 5 preceding.

(2) Service Component Limitation

This Plan is limited to only the High Capacity DS1 service offering excluding Fiber Advantage^{sm} DS1 service, as described in Section 7, preceding.

* This offering is obsolete and is limited to existing customers at existing locations as of November 22, 2000

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(E) Federal Government Contract Access Services (FGCAS) Term Discount Plan (Cont'd)* (C)

(3) Rate Discounts

(a) This Plan will apply the rate discounts, as specified in 10.8.1(E)(4)(f) following, for the High Capacity DS1 channel termination and channel mileage recurring rate elements from the government location serving wire center to the IC's Point of Presence. Nonrecurring charges will apply for all connects, changes and additions/deletions of circuits and features and functions according to the rates in effect as specified in other Sections of this tariff.

(b) High Capacity DS1 services receiving term discounts under this Plan are excluded from any application of Shared Use reduction contained in Section 7.4.8. preceding.

(c) Whereas DS1 access rates may change, the customer's discount rate will remain constant. The Plan's rate of discount chosen by the customer will be applied each month to prevailing DS1 access service rates as specified in Section 7.5.9, preceding.

* This offering is obsolete and is limited to existing customers at existing locations as of November 22, 2000.

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(E) Federal Government Contract Access Services (FCGAS) Term Discount Plan (Cont'd)* (C)

(4) Terms and Conditions

(a)

(b) Rebid Provision - If as a result of a Federal Government contract rebid provision any discounted DS1 services that are disconnected by the customer as a direct result of the rebid process, those DS1 services will not be counted as disconnected services as in (a) above.

* This offering is obsolete and limited to existing customers at existing locations as of November 22, 2000.

10. Federal Government Specialized Service or Arrangements (Cont'd)

10.8 Service Offerings (Cont'd)

10.8.1 Type and Description (Cont'd)

(E) Federal Government Contract Access Services (FGCAS) Term Discount Plan (Cont'd)* (C)

(4) Terms and Conditions (Cont'd)

(c) SDP Location Change - In the case where the government agency(s) at a current Service Delivery Point (SDP) chooses or is ordered to move to a new SDP, and the new SDP requires the same or more DS1 services, the condition of term commitment is suspended for the old service without penalty. The services at the new SDP will require a new term commitment to receive a discount.

(d) Establishing Term - The customer will establish the term of service by entering a Variable Term (VT) Code in the VT field on the Access Services Request (ASR). The term of service must be the same for all discounted DS1s in a single serving wire center.

(e) Change in Term - Should the customer wish to increase the term of service currently under the Plan, they may issue an ASR to suspend the shorter term and establish the new longer term. Should the customer wish to decrease the term of service currently under the Plan, they may issue an ASR to cancel the longer term and establish a new shorter term. However, on the cancelled longer term service, the customer will be billed all applicable charges as set forth above in 10.8.1(E)(4)(a), Minimum Service Requirement.

(f) Plan Discounts - The Plan provides for DS1 service rate discounts as follows:

Term	Discount	VT Code
3 years	10%	DS1X3
5 years	20%	DS1X5
7 years	30%	DS1X7

* This offering is obsolete and limited to existing customers at existing locations as of November 22, 2000.

7. Special Access Service (Cont'd)

7.13 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (N)

7.13.1 Basic Channel Description

GigaMAN is a fiber based, point-to-point, gigabit Ethernet service that allows customers to transport data signals between local area networks (LANs). GigaMAN transports data signals at the rate of 1 gigabit per second (Gbps). All basic service configurations provide a single direction of transmission. There is one basic type of GigaMAN service configuration: Node-to-Node service (two-point service), which connects two customer-designated premises, either inter or intra wire center.

The following regulations will apply to GigaMAN:

(A) This service is available to customers in those LATAs served by and within the service territories of Nevada Bell Telephone Company (NBTC) only.

(B) If existing facilities do not exist Special Construction may apply.

(C) This service is limited to a distance of approximately 50 route kilometers or less (approx. 31 miles), or maximum fiber optic loss between nodes of 29 db.

(D) NBTC considers a service interrupted when it becomes unusable to the customer because of a failure of a facility component used to furnish service under this tariff in the event that the protective controls applied by NBTC result in the complete loss of service by the customer. An interruption period starts when a customer reports an inoperative service to NBTC and NBTC confirms that continuity has been lost, and ends when the service is operative. (N)

7. Special Access Service (Cont'd)

7.13 Gigabit Ethernet Metropolitan Area Network (GigaMAN)(Cont'd)

7.13.1 Basic Channel Description (Cont'd)

(E) Service Provisioning (N)

(1) The customer provided equipment(CPE) must deliver the data signals for GigaMAN transport for the subscribed data service.

(2) GigaMAN provides physical layer transport only. NBTC assumes no responsibility for the through transmission of signals generated by the CPE, for the signals by the CPE, or address signaling to the extent the CPE performs addressing. Error detection and correction of data generated by the CPE is the customer's responsibility.

7.13.2 Channel Configuration

There are 3 basic rate elements, which apply to GigaMAN service:

(A) Local Distribution Channel (LDC)

Local Distribution Channel (Same as Channel Termination) is the termination of GigaMAN at a customer designated premise (node), as described in Section 7.2.1 (A). A minimum of two LDCs apply, each consisting of the following two elements:

(1) the termination for the fiber optic facilities at each node and its serving wire center.

(2) the fiber optic facility between each node and its serving wire center.

(B) Interoffice Mileage

Interoffice Transport facilities, which provide the transmission path between Serving Wire Centers associated with two customer designated premises, are comprised of Fixed and Per Mile rate elements.

7. Special Access Service (Cont'd)

7.13 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (Cont'd)

7.13.3 Non-recurring Charges (N)

Non-recurring charges are one-time charges that apply for specific work activity related to the provisioning of GigaMAN Service, as described in Section 7.2.2(C).

7.13.4 Recurring Charges

Recurring Charges are rates that apply each month or fraction thereof that the service is provided. Recurring rates apply to 12-, 36-, or 60- month periods under the terms and conditions of Term Pricing Plan (TPP), discussed in Section 7.13.6, following.

7.13.5 Monthly Extension Rates

Upon completion of a TPP, customer's service will automatically convert to the Monthly Extension Rates unless the customer requests a new TPP.

7.13.6 Term Pricing Plan (TPP)

GigaMAN is available for 12-, 36-, or 60- month periods. Monthly recurring charges apply for Local Distribution Channels (TMECS), Interoffice Transport Fixed Mileage (1L5XX), and Mileage (1L5XX) where appropriate.

(A) Renewals

At the end of a TPP period, the customer must select one of the following options within one month prior to the expiration date:

(1) Renew the service for a one, three, or five year TPP as provided in this tariff;
(2) Elect to disconnect the service upon expiration of the billing period; or
(3) Continue the service on a monthly basis at the current Monthly

Extension Rates.

All services under an existing TPP that are not renewed within the period stated above will revert to Option (A)(3) above and be billed at the current Monthly Extension Rates.

7. Special Access Service (Cont'd)

7.13 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (Cont'd)

7.13.6 Term Pricing Plan (TPP) (Cont'd)

(B) Conversions (N)

During the customer's TPP term conversions may be made to a new TPP term of the same or greater length. The expiration date of the new service must be beyond the expiration date of the original TPP term. With the new TPP, the customer incurs no liability for the remaining months on the original TPP.

An Administrative Charge is applicable when customers renew or change the length of the TPP term.

(C) Termination Liability

Customers requesting termination of service prior to expiration date of the TPP term will be liable for a termination charge, which is calculated as follows:

Billing Period	Termination Percentage
1 Year	85%
3 Year	75%
5 Year	60%

(Monthly Recurring Rate)*(Months Remaining in Billing)*(Termination Percentage) = Term. Liability Charge

Example: A GigaMAN Customer with a $6,000.00 monthly rate terminates service after 2 years with 1 year (12 *months) remaining in a 3 year TPP. The termination* liability would be calculated as follows:

$6,000 X 12 X .75 = $54,000.00 Termination Charge

7. Special Access Service (Cont'd)

7.13 Gigabit Ethernet Metropolitan Area Network (GigaMAN) (Cont'd)

7.13.7 Moves (N)

Moves involve a change in the physical location of one of the following

- Service rearrangement;
- Point of Termination at the customer's premises; or
- Customer's premises.

Move charges dependent upon the type of move requested by the customer.

(A) Service Rearrangement

Service Rearrangements are changes to existing(installed) services, which do not result in either a change in the minimum period requirements, as set forth in Section 7.2.2(C)(3).

(B) *Moves Within the Same Building*

When the move is to a new location within the same building, the Administration charge and Customer Connection charge for the service termination affected will apply. There will be no change in the minimum period requirements, as described in Section 7.2.3(A).

(C) Moves to a Different Building

Moves to a different building will be treated as a discontinuance therefore start of service, all associated nonrecurring charges, and new minimum period requirements, as described in Section 7.2.3(B) will apply.

7.13.8 Mileage Measurement

The mileage is calculated on the airline distance between the locations involved, i.e. the serving wire centers associated with two customer designated premises and an international boundary point, a serving wire center associated with a customer designated premise and a Telephone Company Hub, a serving wire center associated with a customer designated premise and a WATS Serving Office as described in Section 7.2.5.

7. Special Access Service (Cont'd)

7.13 Gigabit Ethernet Metropolitan Area Network (GigaMAN)(Cont'd)

7.13.9 Upgrade to GigaMAN from other Access Products (N)

Other Access products may not upgrade to GigaMAN without incurring applicable Termination Liability charges, if any, on that current access product.

7.13.10 Modification of Access Service

The customer may request a modification of its Access Order at anytime prior to notification by NBTC that service is available for the customer's use. NBTC will make every effort to accommodate a requested modification when it is able to do so with the normal work force assigned to complete such an order within normal business hours. If the modification cannot be made with the work force during normal business hours, NBTC will notify the customer. If the customer still desires the Access Order Modification, NBTC will schedule a new service date. All charges for Access Order modifications will apply on a per occurrence basis as described in Section 5.2.2.

Section 19 - Packet Switched Data Network Service (PSDN) (N)

19.1 General

Packet Switched Data Network Service (PSDN) utilizes packet switching technology and digital transmission facilities to provide economical common user switched data transport for bursty traffic of X.25 and X.75 protocols, (as defined by the Consultative Committee for International Telephone and Telegraph-CCITT).

With packet switching technology, data streams are packetized and then moved through the network to their destinations. The packet network examines, routes and transports packets individually without maintaining a physical path between bursts of data. In this way, greater volumes can be transported through shared network transmission facilities and individual data packets can be sent on alternate routes as the need arises, resulting in better system performance and higher network availability. the reduction in network facilities results in a more economical form of data transport for interactive applications.

19.1.1 PSDN Access Arrangements

Customers connect directly to a Telephone Company provided Packet Switched port connection at a X.25 or X.75 protocol via dedicated Special Access Digital Data facilities, as described in Section 7.15, at speeds of either 9.6 or 56 Kbps.

Non-tariff rates apply when data exchanged between equipment using the asynchronous protocol and equipment using the X.25 or X.75 protocol takes place.

Shared Network Arrangements are not permitted with PSDN Service.

19.1.2 Terms and Conditions

The regulations, rates and charges specified herein are specific to the Packet Switched Data Network (PSDN) Service and are in addition to regulations contained in General Regulations Section 2 and Special Access Section 7. (N)

19.1 Packet Switched Data Network Service (PSDN) (Cont'd) (N)

19.1.2 Terms and Conditions (Cont'd)

A. Credit Allowances

In cases of an interruption not due to the negligence of the customer, allowance for the period of interruption shall be as follows:

(1) Usage

A credit allowance does not apply for usage (kilosegments).

(2) Optional Features

If the service experiencing an interruption includes associated optional features being billed monthly recurring rates, credit for the associated features will be billed at the rate of 1/30th of the applicable monthly rates for each period of 24 hours or major fraction thereof that the interruption continues.

(3) Monthly Flat Rated Services

No credit shall be allowed for an interruption of less than 30 minutes. The customer shall be credited for an interruption of 30 minutes or more at the rate of 1/1440 of the monthly charges for each period of 30 minutes, or major fraction thereof, that the interruption continues.

(4) Service Guarantees

Service Installation Guarantees, as set forth in Section 2.11.6 and Service Maintenance Guarantees, as set forth in Section 2.12.2.F, apply to the Special Access Digital Data Service. (N)

19.1 Packet Switched Data Network Service (PSDN) (Cont'd) (N)

19.1.3 Customer Obligations

When ordering PSDN service offered under this tariff the customer must provide the following information.

(1) The number and location of port connections desired, including estimated usage for each port connection.

(2) The initial set of software features and functions for each port connection.

(3) The transmission speed for each port connection and digital data channel.

19.1.4 Special Facilities Routing

The services provided under this tariff are provided over such routes and facilities as the Telephone Company may select. special Facilities Routing requirements requested by the customer will be on an individual case basis, as specified in Section 11.

19.1.5 Rate Elements

The following rate elements apply to PSDN:

A. Digital Data Channels

Digital channels are suitable for duplex transmission of synchronous digital signals of transmission speeds of 9.6 or 56 kilobits per second (Kbps) and are used to connect customer premises directly to a port of the designated packet switch at either a X.25 or X.75 protocol. Rate elements for Digital Data Channels are defined in section 7.15.

A Channel Service Unit (CSU) will be provided by the customer as specified in Section 7.15.2.

B. Port Connection

Connections are made directly to the Telephone Company packet switch by means of a dedicated port connection. Port connections operate at transmission speeds of 9.6 Kbps of 56 Kbps in support of X.25 or X.75 digital interfaces. (N)

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19.1 Packet Switched Data Network Service (PSDN) (Cont'd) (N)

19.1.5 Rate Elements (Cont'd)

C. Network Usage

Usage (or traffic) is measured in the number of kilosegments transported within a packet through the Telephone Company provided Packet Switched Data Network. For billing purposes, the monthly usage is based on kilosegments and such charges are billed to the customer responsible for the connection over which the kilosegments are transported.

Customers are neither charged for segments generated internally by the network for the acknowledgment of information packets, nor are customers charged for any segments which are retransmitted by a network packet switch upon detection of a transmission error.

19.1.6 Optional Software Features

A. Call Redirection

Call Redirection is a feature permitting a virtual call to be established to a pre-specified alternate address if a destination address is not available.

B. Multiple Port Hunt Group

Multiple Port Hunt Group allows the customer with two or more port connections on the same packet switch to have all of those port connections arranged as a hunt group.

C. Software Parameter Change Charge

Software Parameter Change Charge feature is a nonrecurring charge applied when the customer orders any change of software parameter after service has been established. One charge applied per port connection for each order, regardless of the number of software parameter changes requested by the customer for that port connection. (N)

19.1 Packet Switched Data Network Service (PSDN)(Cont'd) (N)

19.1.7 *Descriptions of Rates and Charges*

There are two types of rates and charges which apply to PSDN Service. They are monthly recurring rates and nonrecurring charges. These rates and charges are applied differently to the various rate elements as set forth below.

A. Monthly Rates

Monthly Rates are either (1) fixed recurring rates that apply each month, or fraction thereof, when a specific service is provided; or (2) Usage sensitive rates that apply on a per unit basis, e.g., kilosegment, when a specific service is used.

B. Nonrecurring Charges

A nonrecurring charges are one-time charges that apply for a specific work activity (i.e., installation of a service or rearrangement of an existing service).

(1) Installation

The nonrecurring charges for the installation of each service are set forth in Sections 7.15 and 19.1.8.

(2) Service Rearrangement

Changes from one existing service to another is considered a service rearrangement and will be treated as the discontinuance of the existing service and the installation of a new service. The nonrecurring charges described in 1. preceding will apply for this work.

(3) Moves

Moves that change the physical location of the point of termination are described in Section 2.11.5E. (N)

19.1 Packet Switched Data Network Service (PSDN) (Cont'd)

19.1.8 *Application of Rates and Charges*

A. Digital Data Channels

Rates and charges for 9.6 Kbps and 56 Kbps Digital Data Channels are found *in Section* 7.15.

B. Port Connection

Transmission Speed	Protocol Interface	USOC	Monthly Rate	Nonrecurring Charge
9.6 Kbps	X.25	LDD96	$195.00 (I)	$473.23 (I)
9.6 Kbps	X.75	LDD97	$195.00	$473.23
56 Kbps	X.25	LDD56	$600.00	$473.23
56 Kbps	X.75	LDD57	$600.00 (I)	$473.23 (I)

C. Network Usage Charge

(1) Peak Hour Usage Rates apply to kilosegments transported between the *hours of 7:00 AM to 6:00 PM Monday through Friday and excluding the* holidays specified in Off-Peak Hour Rate in (2) following.

Usage Level/ Peak Hour Rate	Rate Per Kilosegment
First 1 - 500	$0.35
Next 501 - 2300	$0.32 (T)
Next 2301 - 4200	$0.28
Next 4201 - 6100	$0.25
Next 6101 + Over	$0.20 (T)

(2) The Off-Peak Hour Usage Rate applies to the total number of kilosegments transported other than from 7:00 AM to 6:00 PM, Monday through Friday. The Off-Peak Hour Usage Rate also will apply to the *24 hour period during holidays of New Year's Day, Independence Day,* Labor Day, Thanksgiving Day and Christmas Day.

Usage Level/ Peak Hour Rate	Rate Per Kilosegment
First 01 - 6100	$0.15
Next 6101 + Over	$0.08 (T)

19.1 Packet Switched Data Network Service (PSDN) (Cont'd) (N)

19.1.8 Application of Rates and Charges (Cont'd)

D. Extended Term Service Plan

Extended Term Service Plans provide the option for customers to subscribe to a selected level of usage volume at a guaranteed rate. This rate is based upon the peak hour rates shown in section 19.2.8 C (1) of this tariff. Four plans, which apply to peak usage only, are available under the following terms and conditions:

(1) If the customer does not generate the committed level of usage during a given month, they will be billed for the committed usage level. Usage generated above that level will be billed at the applicable plan rate.

(2) A customer may change their usage commitment level at any time to be effective at the beginning of the next billing period.

(3) The following rates apply to each payment plan:

Plan	USOC	Minimum Usage Billed	Rate Level	Minimum Monthly Payment
1	UPP04	501 KS	$0.32	$ 160.00
2	UPP05	2,301 KS	0.28	645.00
3	UPP06	4,201 KS	0.25	1,050.00
4	UPP07	6,101 KS	0.20	1,220.00

E. Optional Software Features

		USOC	Monthly Rate	Nonrecurring Charge
(1)	Call Redirection, Per Redirect	LRD	N/A	$60.00
(2)	Multiple Port Hunt Group Per Group	LDM	N/A	$60.00
(3)	Software Parameter Change Charge Per Occurrence	X25	N/A	$60.00

* A Nonrecurring charge does not apply when a feature is included on the initial Port Connection service installation service order. A Software Change charge will apply to subsequent changes except that no charge will apply to a discontinuance of the feature. (N)